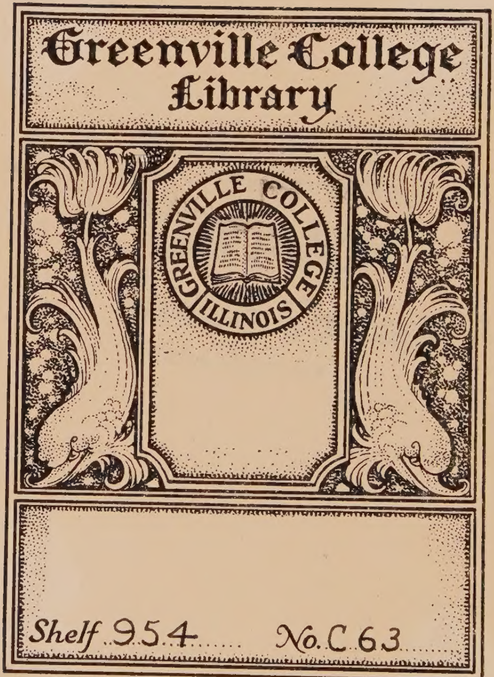

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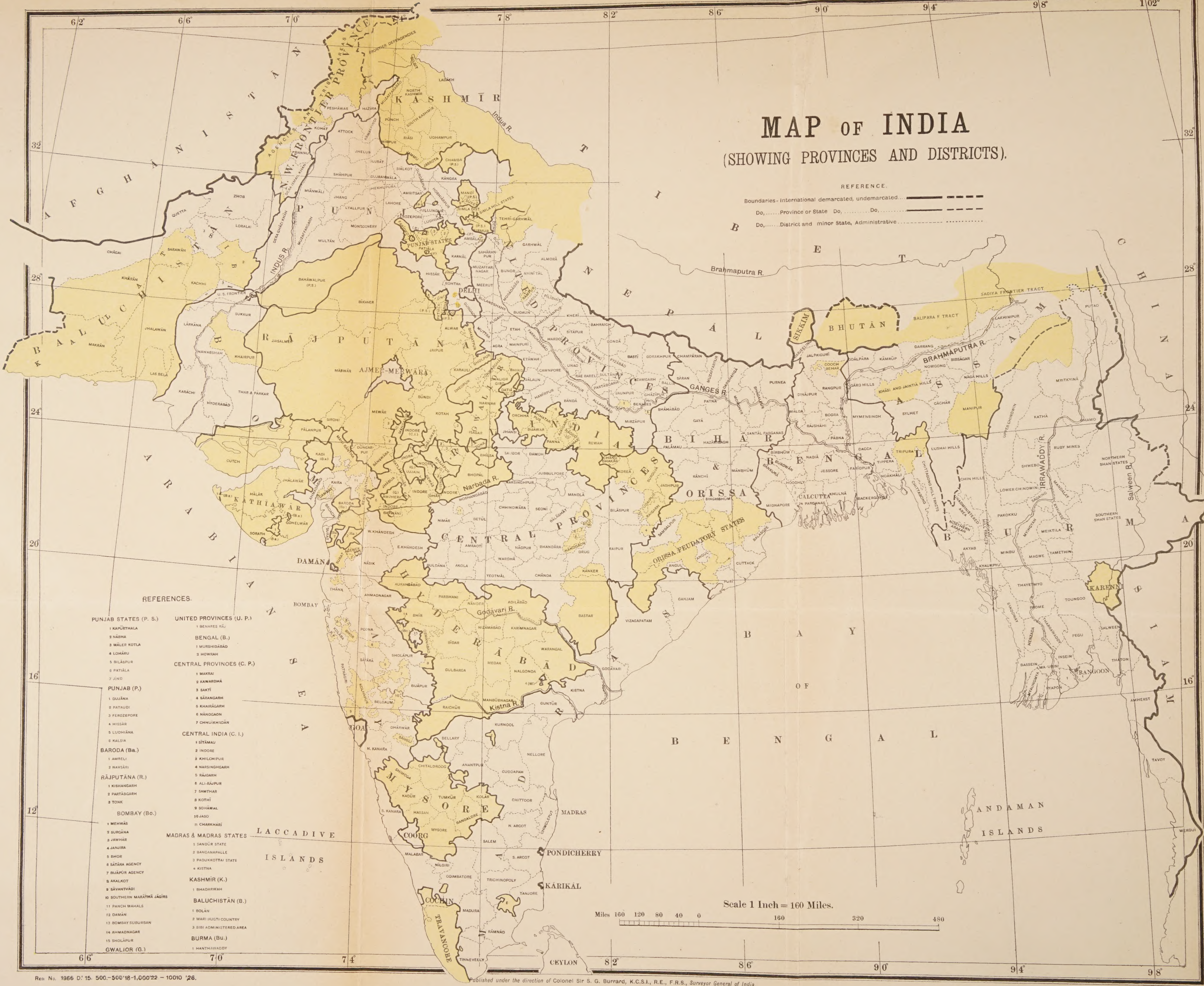

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A Statement prepared for presentation to Parliament
in accordance with the requirements of the 26th
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(5 & 6 Geo. V, Chap. 61)

By J. COATMAN
Director of Public Information
Government of India

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The task of preparing this report for presentation to Parliament has been entrusted by Government of India to Mr. J. Coatman, and it is now presented under the authority and with the general approval of the Secretary of State for India; but it must not be understood that the approval either of the Secretary of State or of the Government of India extends to every particular expression of opinion.

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" I put it to the House that you cannot measure the progress of a policy...........by six-monthly periods. You must give time for that policy to work itself. This reminds me of the time when I was Collector of Malabar many years ago. I was extremely fond of the district, and it was always my fear that my five years as Collector of Malabar would pass without my having done anything of permanent value to the district. I remember, Sir, how I used to spend long hours in writing skilful letters to Government and trying to get money for a bridge here or a bridge there or whatever it might be. But, Sir, progress seemed very slow. But one day, in going through the records of my office, I came upon an old report by Sir Clements Markham. That was in the fifties and some few years later he came on a pious pilgrimage to what he called the cinchona hills in the Malabar Wyanad and Nilgri Wyanad area and he wrote a report. After fifty years I came across that report with a map attached to it, and I looked back on the progress of that part of the district over a period of fifty years. Flourishing townships existing in my time did not exist at all in his time, and I could see that we had built new roads and new bridges everywhere and I could see at a glance all that we had done for the district during that period. And that seems to be the way in which we have got to look. I submit that you have got to take long views on a matter of this kind..........."

(Sir Charles Innes' speaking in the Legislative Assembly on the 23rd February, 1926.)

India in 1925-26.

CHAPTER I.

The Summer Recess.

The last number of this annual report brought the record of Indian affairs to the end of the Delhi Session of 1925, *i.e.*, to the last week of March. On the whole, the record of the session was such as to leave all who had the true interests of India at heart with a justifiable feeling of optimism. For, despite one or two Government reverses, the broad fact emerged that the attempt of the Swarajists to wreck the reformed constitution from inside the legislatures had failed. The Independents, who, in previous sessions, had dallied with the Swarajists' doctrine of automatic and uncompromising hostility to Government measures and Government policy, had at last revolted from their quondam allies and had announced their intention for the future to treat all Government proposals on their merits. Moreover, since the Delhi Session of 1924,—the first session, that is, in which Swarajists sat in the Assembly,—there had been a perceptible change in the spirit and tactics of the Swarajists themselves. A variety of reasons, of which undoubtedly one of the most potent was the growing aversion of the electorates from a policy of pure negation, had compelled the Swarajists to abandon their purely wrecking policy and, even, on occasions, to co-operate with the Government, as, for example, in the passing of the Steel Industries Protection Bill during the special session of the Legislature held at Simla in May 1924. Of even greater importance was their participation in the work of standing and other committees of the Assembly, and, later, the acceptance by their leader, Pandit Motilal Nehru, of a seat on a committee which had been formed to explore the possibility of the establishment of an Indian Sandhurst.

Thus, by April 1925, the prospects of the reformed constitution seemed brighter than ever before, and it was not unreasonable to hope that the Swaraj party was well on the way to becoming an ordinary constitutional opposition, a consummation which would undoubtedly have ensured the quick and healthy growth of the new constitution. In other directions, too, there were grounds for sober optimism. Internally the condition of India was better, perhaps, than at any other time during the previous decade. The violent storms of the Non-co-operation and Khilafat agitation had died down; the race hatred which had been so unfortunate and dangerous a feature of the Indian situation since 1919 had practically disappeared; the menacing Akali agitation in the Punjab, which had been an ever present source of danger for the past four years, was at last well on the way to a statesmanlike and peaceful solution, whilst a series of good monsoons had done much to ameliorate the economic condition of the Indian people.

But there were two dark spots in this bright picture, of which one, Hindu-Muslim antagonism, was capable of spreading so as to overshadow the whole. The other was a recrudescence of anarchical crime in Bengal which, at the end of 1924, had necessitated the promulgation of the Bengal Ordinance as described in last year's report.

At the beginning of the year under review, Indian affairs were occupying a good deal of time in Parliament. On March 31st, Lord Olivier, by previous notice, asked the Secretary of State what action had been taken under the Bengal Ordinance of 1924 and Regulation III of 1818. In his reply Lord Birkenhead gave a detailed statement of the revolutionary crimes which had compelled the promulgation of the Ordinance. The most important part of his speech was that in which he invited Mr. C. R. Das, the leader of the all-India Swarajist Party, not only to dissociate himself from revolutionary activities, but to take a further step and co-operate with Government in repressing the violence which he had publicly deprecated. His Lordship's words are worthy of repetition: "When Mr. Das," he said, "speaks of 'repression' he apparently means the repression of political opinion, and he seeks to put this interpretation into our mouths also. But his Majesty's late Government, who sanctioned this legislation, and the present Government, and the Government of India, and the Government of Bengal, have constantly and justly repudiated any such intention and any such practice. The repression which the Bengal Act contemplates is the repression of crime, and no one who is not a criminal is entitled to express a grievance against that legislation. I invite Mr. Das—and I have not used in the course of this debate a harsh word about him—to take a further step. He has publicly dissociated himself from ' political assassination and violence in any shape or form.' I make allowance for the difficulties of his position, but I suggest that a conscientious citizen cannot quite stop even there. I ask him to go forward and co-operate with the Government in repressing the violence which he deprecates. If he will do that he will find that the way is open and easy for that which we all of us desire—co-operation between the British Government and Indian political parties with a view to the progressive realisation of responsible government in British India as an integral part of the Empire upon the understanding of a real and honest partnership. That road still remains open to be trodden by the population of India, but never will the goal be reached upon roads of violence attended by desperate crimes ". On the 3rd of April Mr. Das issued a lengthy statement in reply to Lord Birkenhead in which, in effect, he said that he could do nothing unless " a favourable atmosphere " was created by the Government itself. His answer is summed up in the following extract from his statement:—

" My answer to His Lordship's invitation is, therefore, this: If I were satisfied that the Bengal Act would finally eradicate the evil which is eating into our national system, I would unhesitatingly support the Government. I am not so satisfied. And though I think that a favourable atmosphere has been created for further discussion, I am unable to co-operate with the Government in its present policy of repression using the term in the sense in which I have already used it ".

About this time talk of the necessity for a Round Table Conference between the Government and the representatives of all shades of political opinion in India was much in the air, and echoes of this talk can be heard in certain questions which were asked in Parliament in these days. On the 6th of April Colonel Wedgwood asked whether the suggestion that Mr. Das and Mr. Gandhi should come to London to consult with the India Office at the same time as Lord Reading, would be favourably considered. Again, on the 9th of April, Mr. Lansbury asked if His Majesty's Government would invite not only Mr. Das and Mr. Gandhi but representatives of other schools of political thought in India to come to England in order to discuss the best solution of the social, industrial and other problems of India. Lord Winterton's reply to Mr. Lansbury's questions sums up the attitude of His Majesty's Government on this point:—

"His Majesty's Government", he said, "will receive with sympathy any concrete proposals put before them by Indian political parties with the support of the Government of India and the local Governments concerned. But it is not their intention to give such invitations as the Hon'ble Member suggests, for two reasons: First, the direct conduct of policy and administration in India has been entrusted by Parliament to the Government of India and the Local Governments. It is therefore with these authorities that any discussions or negotiations of the kind must take place, and no useful purpose would be served by the intervention or participation at this stage of His Majesty's Government in matters which must ultimately come before them for decision and for the decision of which they are responsible to Parliament. Second, though the Viceroy is about to visit this country for the purpose (among others) of discussing with His Majesty's Government the political situation in India, it would be placing both him and the Government of India in an entirely false position if his presence here were made the occasion for negotiations with Indian political parties".

On April 1st the Second Reading of the Government of India (Civil Services) Bill was moved by Lord Birkenhead in the House of Lords. This Bill had for its main object to safeguard the position of certain classes of government servants, and arose out of recommendations made by the Lee Commission. The House passed the Second Reading of the Bill and referred it to the Joint Committee on Indian Affairs. The Bill became law in January 1926.

The echoes of the Swarajist-Independent split in the Assembly continued to reverberate after the Assembly had been prorogued. On April 4th two members of the Swaraj Party—Messrs. Patel and Mehta—addressed a public meeting in Bombay in which they lauded the work of the Swarajists and strongly condemned the action of the Independents, who, Mr. Patel said, had joined the Government in defeating many useful measures such as reductions in third class railway fares and postage rates, the repeal of repressive legislation, and the like. Referring to Lord Birkenhead's appeal to Mr. Das he expressed his agreement with the Swaraj leader's reply and demanded a Round Table Conference which should be entrusted with the task of drafting a constitution for India. Mr. Mehta also spoke strongly against the Independents, declaring them to be obsessed by their own importance and to be nothing more than the henchmen of the Government.

Lord Winterton, in his reply quoted above, mentioned the forthcoming visit to England of His Excellency Lord Reading. Naturally the liveliest speculations concerning the object of Lord Reading's visit to England were set on foot in India. There were confirmed pessimists who were quite sure that the object was nothing less than the destruction of the Reformed Constitution. Others were equally certain that Lord Reading meant to insist on the summoning of the Round Table Conference demanded by so many sections of opinion in India, whilst others circulated the most absurd rumours, some of which even found their way into certain organs of the press, to the effect that Lord Reading had been summoned to England in order to discuss the part to be played by India in an impending world war which Great Britain and America proposed to fight against Russia and certain Asiatic powers. The more foolish speculations and rumours, however, were set at rest by an official communiqué issued by the Government of India on March 4th, and by a brief explanation of the communiqué given by the Home Member, Sir Alexander Muddiman, in reply to a question in the Legislative Assembly on March 5th. The communiqué read "The Secretary of State for India in Council has invited His Excellency the Viceroy to come to England in April next for short leave not exceeding four months in order to secure an opportunity of personal discussion with His Excellency. The Earl of Reading has accepted the invitation". The Home Member, in reply to the question in the Assembly stated that "all the more important outstanding matters relating to the affairs of India will doubtless be included in the subjects of discussion", and regretted that he could not make any more precise statement.

Lord Reading sailed from Bombay on April 10th on four months' leave and on the same day His Excellency Lord Lytton, Governor of Bengal, assumed the office of Viceroy and Governor General of India.

Meanwhile a crisis in the Bombay cotton industry, which was to continue throughout the remainder of 1925 until the abolition of the Cotton Excise Duty on December 1st was coming to a head. At the ordinary general meeting of the Maneckji Petit Manufacturing Co., Ltd., which was held at the end of March, the Directors' Report revealed an unsatisfactory state of affairs. Serious losses had been sustained during the previous year, chiefly in the working of the Dinshaw Petit Mill, which the Directors, accordingly, had decided to close from the 31st of March until conditions had improved. The Chairman of the meeting, Sir Dinshaw M. Petit, announced that he could not see any prospects of better times unless Government came to the help of the mill industry either by removing the Cotton Excise Duty or by adopting some other measure. Japanese competition, in particular, was blamed for the misfortune of the Bombay Cotton Industry. Following the closing of the Dinshaw Petit Mill, a number of other mills were closed down and millowners began to discuss the necessity for a reduction in wages. This proposal, however, did not mature until the summer, when a grave industrial situation was caused, which will be described in due course.

Communal politics came once more prominently to the fore with the opening of the All-India Hindu Mahasabha under the presidency of Lala Lajpatrai at Calcutta on April 11th. Mahasabha, which is a compound of two Sanskrit words, means literally "big meeting" and the Hindu Mahasabha is, therefore, the central meeting of delegates of the many local Hindu Associations which exist all over India for the organization of the Hindu community for protection of their interests, and, in some places, notably in the United Provinces, for the reclamation of converts from Hinduism to Christianity or Islam. The objects of the Mahasabha were clearly stated by Lala Lajpatrai in his address to be as follows:—

1. "To organise Hindu Sabhas throughout the length and breadth of the country;
2. To provide relief to such Hindus, men and women, as need help on account of communal riots and disturbances;
3. Reconversion of Hindus who have been forcibly converted to Islam;
4. To organise gymnasiums for the use of Hindu young men and women;

5. To organise Seva Samities, *i.e.*, Associations for social service;
6. To popularize the Hindi language throughout the length and breadth of the country in co-operation with the Hindi Sahitya Sammelan (Hindi Literature Conference);
7. To request the trustees and keepers of the various Hindu temples to open halls attached to the temples where people may gather to discuss matters of social and religious interests;
8. To celebrate Hindu festivals in a manner which may conduce to the promotion of brotherly feelings among the different sections of the Hindus;
9. To promote good feeling with Mohammadans and Christians;
10. To represent the communal interests of the Hindus in all political controversies;
11. To encourage Hindu boys to take to industrial pursuits;
12. To promote better feelings between Hindu agriculturists and non-agriculturists; and
13. To better the condition of Hindu women by abolishing purdah, providing educational facilities and taking such other steps as will conduce to their physical and mental welfare."

He condemned the growth of the communal spirit and said that what the Hindus wanted was a national government founded on justice to all communities, all classes and all interests. Among the Resolutions adopted by the Mahasabha was one relating to the collection of funds for the relief of the Hindu sufferers in the terrible Kohat riots of September 1924, and another stating that the meeting viewed with alarm the conversion of thousands of Hindus, particularly in Bengal, Bihar, Assam, Gujrat, and the Frontier Province, to other faiths. To combat this exodus from Hinduism the meeting suggested the formation of a Hindu Protection League.

Although in themselves these Resolutions were unexceptionable, they were viewed by many sections of the Muslim community with alarm and anger. It must be remembered that in those days a violent controversy was raging in the Hindu and Muhammadan press over the Kohat riots. Most violent and scurrilous charges were bandied about between the less responsible organs on both sides, and Hindu-Mohammadan relations were being subjected to a dangerous strain. On the same day as the opening of the Hindu Mahasabha, the Sindh branch of the European Association held a meeting at Karachi at which the chief speaker was Sir Campbell Rhodes—for many years one of the leading figures in the public life of Bengal. Referring to the communal question, Sir Campbell said that in his opinion the present deplorable state of Bengal was due to the distrust which existed between Hindus and Mohammedans. At any rate, this meeting of the Hindu Mahasabha aroused keen interest all over India and thoughtful observers of its proceedings and of the press comments thereon could not fail to realise that popular interest had by now shifted from the Indian National Congress to the two central communal organizations—the Hindu Mahasabha and the Muslim League—a fact whose truth was amply demonstrated later in the year by the unrepresentative character of the Congress Session which met at Cawnpur in December 1925.

Two criminal cases which were decided at the end of April deserve mention, because they illustrate a truth which is too often forgotten or disregarded by controversialists, *viz.*, that everywhere in India, even in Bengal, save in those cases of revolutionary crime where terrorism of witnesses is carried to its extreme point, persons accused of offences against the state are dealt with by the ordinary processes of law. On April 21st, one Dr. Protap Chandra Guha Roy was sentenced to two years' rigorous imprisonment and a fine of Rs. 1,000 by the Additional Magistrate of Alipore on a charge of sedition, and on April 26th Mag. Thaw was sentenced in Burma to one year's rigorous imprisonment on a similar charge.

The end of April and the beginning of May saw quite an outburst of political activity beginning with an address by Mrs. Besant to a crowded audience at Madras on " How to agitate for the Commonwealth of India Bill ". The chair was taken by Mr. Sastri. The greater part of Mrs. Besant's speech was occupied by a description of the genesis and contents of the Commonwealth of India Bill. As the latter was described in last year's Report, there is no need to cover the same ground again. Here only her opening remarks will be discussed in which she said that she " believed profoundly that the success of the Home Rule or Swaraj movement did not depend upon the Parliament at Westminster but upon the Indian people in their own home ". Those are very true words although they are true in a different sense from that in which they were employed by Mrs. Besant, who was thinking of the efficacy of continuous and widespread agitation in India for immediate constitutional advance rather than of the deeper truth underlying her words. Home Rule for India can be won only in India, and it can be won peacefully by wise and determined employment of the opportunities which the present constitution holds out. For the Act of 1919 has brought into being conditions under which India can advance at her own pace to her desired goal of Swaraj. The records of the past five years show clearly the striking progress towards this goal which has been made whenever Indian political leaders have entered into the spirit of the new constitution and have worked with the Government to achieve the objects for which that constitution was framed. A great part—indeed the greatest part—of the foundations of Swaraj can only be laid by Indians themselves and the very corner stone of the edifice is unity. It may, perhaps, seem to some that communal dissensions are insisted upon to the point of weariness in this report, but such insistance is necessary in season and out of season, for this rift in India's body politic must be closed if Swaraj is to be attained. Both Mrs. Besant and Mr. Sastri at this meeting touched on communal differences, but neither was able to make any constructive suggestion.

It must be clearly understood that no attempt is being made to impute any blame for this inability, because in the state of communal feeling which then existed such suggestions were hardly possible. Readers of last year's report will remember that an "All-India Leaders' Conference" met in Bombay on November 21st in order to agree on some method of forming a new and united opposition to Government. This conference appointed a committee to consider the best way of reuniting all political parties in the Indian National Congress, and to prepare a scheme of Swaraj including a solution of the communal question. Later, this Committee resolved itself into two sub-committees to deal respectively with Hindu-Mohammedan differences, and with a scheme for constitutional advance. The first sub-committee found that agreement on any really important point in issue between the two communities was quite impossible and had to adjourn *sine die* at the beginning of February 1925.

At the end of April the case of Indians in East Africa and Kenya was again brought before the Indian public by the issue of a memorandum by the National Liberal Federation on the proposed formation of an Indian Reserve in the lowlands of Kenya. The Federation has established a Standing Committee on Indians Overseas with the Right Honourable Mr. V. S. Srinivasa Sastri as chairman. On April 27th this Committee issued a memorandum in which it declared its emphatic disapproval of the proposal announced by His Excellency the Viceroy in his inaugural address to the Indian Legislature on January 20th, 1925, to depute an officer to Kenya to examine and report on the tract which the Kenya Government proposed to set aside for Indians. The memorandum also criticised in severe terms the White Paper of 1923 and asserted that the policy of reserving the Highlands for white settlers was contrary to Article XXII of the Covenant of the League of Nations, because it tended to exclude the natives of Kenya from this area. Shortly after the appearance of this memorandum, appeared another memorandum issued by the Imperial Citizenship Association. This second document was written by Mr. C. F. Andrews and covered the same grounds as the earlier one. The gist of Mr. Andrews' memorandum was that the acceptance of territory in the Lowlands would be to commit India to the acceptance of the reservation of area on racial grounds, and would give away her whole case against the principle of reserving the Highlands for white settlers.

A meeting of the Bombay European Association held in Bombay on the 29th April deserves prominent mention, because it shows how the European community in India has now come to recognise itself as an integral part of the body politic in India—a part which, while it claims certain rights, also recognises clearly that it owes certain duties to the country of its adoption and is prepared to discharge those duties conscientiously to the best of its ability. In his presidential address Mr. J. Addyman said that Europeans were willing to co-operate with those Indians who strove for responsible government by legitimate and constitutional means, that there was political work to be done by the European Community and that every European in India should put his hand to this work. In a striking speech Sir Arthur Froom seconded the adoption of the Report and urged his fellow Europeans to take an active part in the administration of the country. He stressed a fact which is generally overlooked by writers on Indian political subjects, namely, that the work of the non-official

Europeans in the different legislative bodies in India is not only important, but is generally recognised as such by unbiassed members of all Indian political parties. " We should let the Government feel ", said Sir Arthur, " that they have our support in other matters of policy and administration no less important than the maintenance of law and order when we agree with them, rather than stand aside and do nothing at all. It is out of honest criticism and opposition that the best administration of any country is evolved. We should join hands with those Indians who intend to advance step by step towards self-government in this country, Indians who honestly have the interests of their own country at heart and who are anxious to develop future progress along the right lines ". Continuing, Sir Arthur said that he felt very keenly the apathy which many Europeans in India showed towards India's needs, for, he said, " those needs were also the needs of the European community in the country."

May opened with a number of political meetings and various provincial and communal conferences. The way was led by Mr. Gandhi, who addressed a large meeting at Mirzapur Park in Calcutta on May 1st. He referred to the negotiations which were said to be proceeding between Lord Birkenhead and Mr. C. R. Das, but disclaimed all knowledge of them. He said that instead of entering into diplomatic relations with " the matchless diplomats from England " he preferred to concentrate on a constructive programme for developing the power of India from within. This constructive programme contained three items; First, Hindu-Muslim unity, regarding which he said " Is that...........unattainable by us? . . . . I have admitted my incompetence. I have admitted that I have been found wanting as a physician prescribing a cure for this malady. I do not find that either Hindus or Mussalmans are ready to accept my cure and therefore I simply now-a-days confine myself to a passing mention of this problem and content myself by saying that some day or other we Hindus and Mussalmans will have to come together if we want the deliverance of our country; and if it is to be our lot that before we can come together we must shed one another's blood, then I say the sooner we do so the better it is for us. If we propose to break one another's heads, let us do so in a manly way; let us not, then, shed crocodile tears, let us not ask for sympathy from any quarter if you do not propose to give any quarter. That is what I have to say about Hindu-Muslim unity ". The second item was the removal of the curse of untouchability. " So long," he said, " as untouchability disfigures Hinduism, so long do I hold the attainment of Swaraj to be an utter impossibility. Supposing it were a gift descending from Downing Street to India, that gift would be a curse upon this land, if we do not get rid of this curse (of untouchability)." The last item in Mr. Gandhi's constructive programme was the use of the spinning wheel.

The next day saw the opening of three important meetings at Faridpur—the Bengal Provincial Conference, the Bengal Provincial Hindu Sabha and the Faridpur District Muslim Conference. The Bengal Provincial Conference which met under the Presidency of Mr. Das lasted two days. In his speech the President defined what he meant by Independence for India, and asked whether India should set before herself the ideal of independence within or without the British Empire. Answering this question he said that the Indian National Congress had always stated its desire that India should remain within the British Empire if the Empire recognised her rights. " Indeed," he said, " the Empire idea gives us a vivid sense of many advantages. Dominion status to-day is in no sense servitude. It is essentially an alliance by consent of those who form part of the Empire for material advantages in the real spirit of co-operation. Free alliance necessarily carries with it the right of separation. Before the War a separatist tendency was growing up in several parts of the Empire, but after the War it is generally believed that it is only as a great confederation that the Empire or its component parts can live. It is realised that under modern conditions no nation can live in isolation, and Dominion status, while it affords complete protection to each constituent composing the great Commonwealth of Nations called the British Empire, secures to each the rights to realise itself, develop itself and fulfil itself, and therefore it expresses and implies all the elements of Swaraj which I have mentioned. To me the idea is specially attractive because of its deep spiritual significance. I believe in world peace, in the ultimate federation of the world; and I think that the great Commonwealth of Nations called the British Empire—a federation of diverse races, each with its distinct mental outlook—if properly led with statesmen at the helm, is bound to make a lasting contribution to the great problem that awaits the statesman, the problem of knitting the world into the greatest federation the mind can conceive, the federation of the human race. But only if properly led with statesmen at the helm—for the development of the idea involves apparent sacrifice on the part of the constituent nations, and it certainly involves the giving up for good of the Empire idea with its ugly attribute of domination. I think it is for the good of India, for the good of the world that India should strive for freedom within the Commonwealth and so serve the cause of humanity ". The rest of his speech dealt with the Bengal Ordinance which he condemned as " the most violent form of violence ". After listening to a speech from Mr. Gandhi, who once more recommended the use of the spinning wheel, the Conference passed Resolutions calling upon the Indian Nation to realise Swaraj within the British Commonwealth provided that the rights of the Indian Nation to live its own life were admitted, and also Resolutions condemning Government's " repressive " policy and demanding the release of all political prisoners.

The Hindu Sabha concerned itself almost entirely with Hindu domestic problems, such as the possibility of the abolition of the untouchability and the institution of widow re-marriage—a reform which the President of the Sabha urged as being the only means of arresting what he described as Hindu race suicide. Hindu-Muslim dissensions were touched upon, but the subject was introduced only to deplore the fact that foreign intervention had to be sought in order to settle the differences which existed between the two communities.

The Muslim Conference which met under the Presidency of Mr. Fazal-ul-Haq, the ex-Minister in the Bengal Council, struck a more aggressive note. In his speech the President said that the present political position of Muhammadans demanded serious attention. The advance towards Swaraj was proceeding and Muslims feared that this would mean that more powers would be monopolized by the Hindus. Mr. Haq, therefore, asked the Muslims to organize themselves in good time, to start an association on the lines of the Hindu Mahasabha, and to cover the whole of Bengal with a net-work of organizations. His last suggestion was that young Muslims should be trained in physical culture. The Conference was continued on May 3rd, when a heated discussion took place concerning a Fatwa which had been issued by a well-known Bengalee Maulvi to the effect that all Muslims who had attended the Bengal Provincial Conference the previous year were ' Kafirs ', *i.e.*, unbelievers. Mr. Gandhi, Mr. C. R. Das and other Hindu leaders came to the meeting, and after further discussion it was agreed that Hindu-Muslim unity was essential to the attainment of Swaraj. After much discussion the Conference adopted a Resolution supporting a proposed agreement between the two communities regarding the playing of music by Hindus near mosques.

The Maharashtra Provincial Conference which met at Satara in the Presidency of Bombay about a week later sounded a different note from that of the Bengal Conference and unquestionably got nearer to the realities of current Indian politics. The Presidential speech dealt with the actual facts at issue between the Swarajists who had entered the Legislatures, and the No-changers, who still adhered to the old idealistic policy of Mr. Gandhi, and it laid great stress on untouchability, Hindu-Muslim disunity, and the Brahman and non-Brahman antagonism, which, the President said, were three problems closely connected with Indian politics.

Simultaneously with the above, the Liberal Conference of the United Provinces was holding its Fifth Annual Session at Cawnpore. A large number of delegates and visitors were present, including such well-known people as Mrs. Besant, Mr. Chintamani, and Sir Tej Bahadur Sapru. The Conference showed its appreciation of hard facts by opposing a resolution which dealt with the Bengal Ordinance. It passed a number of resolutions, of which the most important were some dealing with the problems of Indians Overseas, particularly those in South Africa, and urging the Government of India to take action under the Reciprocity Act of 1924, and one declaring that the dyarchical system had not worked and could not work satisfactorily, and that the only alternative to it was unitary government (in the Provinces). The Conference also declared that it was necessary for the Central Government to be made responsible to the Legislatures in the field of Civil Administration. During May, other conferences—District, Provincial and Communal—were held, but there is no need to give any further accounts of these meetings.

A little while ago, the attitude of certain non-official Europeans towards Indian politics was mentioned. A meeting held at Calcutta on the 13th of May, brought into notice the circumstances of that community which stands half way between Europeans and Indians in India in general interests as well as in blood. This is the Anglo-Indian Community, which, during the year under review, has given more earnest and careful attention to its future than ever before. For some time prior to the early part of 1925 there had been a difference of opinion between two of the chief leaders of this community in India—Mr. Barton and Lieutenant-Colonel Gidney, late of the Indian Medical Service. However, at the annual meeting of the Anglo-Indian and Domiciled European Association held at Calcutta on the 13th May, these two gentlemen sank their causes of disagreement. This meeting was held in order to arrange for the sending of an Anglo-Indian Deputation to England to represent the needs of the community before Parliament and the British public. The meeting approved of this scheme and decided to raise funds by general subscription in all parts of India. It was decided that the Deputation should consist of two or three persons under Colonel Gidney's leadership, to work in union and collaboration with the London Anglo-Indian Association. Since the above events took place there have been certain interesting and even important developments in Anglo-Indian opinion, which will be described in due course.

While all these events were taking place on the larger stage of Indian politics, steps were being taken in the Punjab to bring to a satisfactory end the very dangerous Akali Sikh agitation which had disturbed the Punjab for over four years, and, indeed, had threatened the safety and tranquility of the whole country. On the 7th of May a non-official Sikh member of the Punjab Legislative Council introduced a Bill which aimed at a settlement of the agitation. This was the Sikh Gurdwaras and Shrines Bill. There is no need here to go into the history of the long Akali agitation, for all who take any interest in India are familiar with its main features. That it owed its rise to a perfectly genuine desire on the part of a large number of Sikhs to reform the administration of their religious buildings and institutions is not open to doubt, but it is equally not open to doubt that this genuine sentiment was seized upon by persons whose motives were less pure, and who hoped to use it for the purpose of a political and anti-Government movement. The terrible massacre of Akalis in February 1921 at Nankana Sahib by a band of the servants of the abbot of the Gurdwara there, profoundly distressed all Sikhs and gave a powerful impetus to the movement for reform. The Government naturally had to uphold the legal rights of the incumbents of the many Sikh Shrines and Gurdwaras, and it was not difficult for agitators to cause the large number of uneducated Sikhs to identify the Government, to some extent, with the evils of the system to which they were opposed. Throughout the whole agitation, the Punjab Government continued to make the most earnest attempts to find a solution agreeable to Sikh sentiment and to vested interests alike. For various reasons all their earlier efforts failed and the Bill which we are now discussing was the outcome of deep thought and long and careful consultation with the leaders of the Sikh community. The objects of the Bill were:—

1. To bring all Sikh religious places under the control of the Sikh Panth, *i.e.*, the Sikh community itself,
2. To abolish the permanent position of the Mahants or hereditary priests of the temples and thus end their irresponsibility,
3. To utilise the property and income of the religious places for the purposes for which they were founded and thus prevent them from being wasted, sometimes in luxurious and immoral living; and
4. To conduct all rituals and ceremonies according to the teachings of the Granth Sahib, the holy book of the Sikh religion. Accordingly, the Gurdwaras were to be controlled by representatives of their congregations, and accounts were to be properly kept and audited and to be open to inspection. It was recognised that statutory provision for financial compensation to Mahants would have to be arranged.

The Bill had a satisfactory reception from all classes and communities in the Council. After its return from the representative select committee, to which it had been referred, it had a smooth passage through the Council, and on July 7th was passed unanimously. Certain of its provisions had to be validated by the Indian Legislature before they could become law, and when it was presented for this purpose in the Legislative Assembly in September, the provisions in question were accepted without a division, the debate on them testifying to the pleasure felt by all sections and all classes in India at the statesmanlike solution of this, one of the most formidable problems of recent Indian history.

The developments in the Bombay Cotton Mill Industry, which have been already described, coincided with the beginning of a serious and long drawn out strike on the North Western Railway. The ostensible circumstances out of which the strike arose were trivial. A fitter in the Rawalpindi Locomotive workshop had been discharged for going about during working hours obtaining signatures to a joint petition in the workshops for better terms of service. He had previously been warned about this and had been told that while he was at perfect liberty to use his pursuasive powers on other men outside working hours, to do so while he ought to have been at work himself was subversive of all discipline. On hearing of the discharge order, a number of men in the Rawalpindi workshops at once downed tools, and their example was followed by other men in the carriage shops at Rawalpindi. Later, determined efforts, supported by picketting and intimidation, were made to carry the trouble to other classes of the staff and to other stations. The strike gradually spread over a large part of the Railway and many of the running staff struck in sympathy with the Rawalpindi men. The workshops at Lahore were also affected, and by the middle of April about 3,200 men remained away from their work. By this time, too, the whole of the North Western Railway had become affected from Rawalpindi to Karachi, the trouble, however, being more acute in some places than in others. The Railway authorities managed to keep their full services—both passenger and goods—running as though conditions were normal. They found peculiar difficulty in dealing with the situation because the recognised Trade Union concerned—the North Western Railway Union—was opposed to the strike, which was caused and continued by an entirely unofficial union. Towards the end of May the general Secretary of the All-India Railwaymen's Union Federation in Calcutta enquired of the general secretary of the recognised Union for the North Western Railway about the facts of the strike. In his reply the general Secretary stated clearly that the discharge of the fitter was only the ostensible cause of the strike, and that his office "was able to prove that the strike was premeditated by certain interested persons for reasons best known to them." The reply further stated that the North Western Railway Union had "no sympathy with the cause of the strike." The strike lasted in a gradually weakening form until the end of June when it collapsed, leaving a large number of workmen out of employment, since their places had been taken by others whom the Railway authorities had recruited during the strike, and whom they did not feel justified in dismissing in order to allow the strikers to return to work. It is impossible not to feel great sympathy with these unfortunate strikers, for all the facts show that they were victimized by cleverer men than themselves, and throughout the whole period their conduct was almost exemplary. There was a good deal of picketting, of course, and some intimidation by the rougher elements among them, but there was no sabotage or rioting.

While the North-Western Railway strike was at its height, certain questions relating to Indian Labour were being discussed by representatives of India at the International Labour Conference held at Geneva at the end of May. Our representatives gave a leading place in their speeches to the non-ratification by Japan of the Hours Convention passed at Washington in 1919. They pointed out that India had been prompt to take action on the convention, and they claimed that the Japanese delay in following their example had put India at a disadvantage in the keen competition between certain of her industries and the corresponding industries of Japan and other Asiatic countries. The Japanese delegates in reply stated clearly and with moderation certain peculiar difficulties which faced the Japanese Council in this matter. The discussion was throughout conducted in a spirit of friendliness and cordiality. The Conference also passed a resolution expressing the hope that the International Labour Office would continue to collect and publish all available information regarding the conditions of labour in Asiatic countries, and requesting the Governing Body of the International Labour Office, in consultation with the Government concerned, to undertake, as far as was possible, a documentary enquiry into the conditions of Labour in those countries.

A series of fires which broke out during the early part of June in the Hindu part of Dera Ismail Khan, the headquarters of one of the districts of the North West Frontier Province, gave anxiety for a time to the authorities. At once the fires were suspected by the Hindu population to be the work of Muhammedans, and, with the memories of Kohat still fresh in the mind, it was necessary to treat these outbreaks as being at any rate of potential importance. The local authorities, therefore, acted with the greatest vigour and circumspection, and both the panic and the fires quickly died down.

It is possible that these events would have caused much more excitement in the whole country than they did, had not events in South Africa once more caused the thoughts of Indians to turn in that direction. For, on the 9th of June the " Colour Bar Bill " passed through the Committee Stage in the Union Assembly.

As far back as 1912 Regulations framed under the Mines and Works Act had stated that in certain cases certificates of competence could only be held and special responsibilities undertaken by white men. But in 1923, a judgment of the Transvaal High Court declared that these regulations were contrary to the law. The new Bill was introduced therefore in order to regularise the existing practice, which had been invalidated by the judgment. It provided that certificates of efficiency in the management of machinery should not be granted either to Asiatics or to African Natives. The point of the Indian objection to the Bill was that Cape Coloured and Cape Malays are classed in it with white men, while Asiatics are classed with Africans.

The Bill first came before the Union Assembly in February 1925, when it was strongly opposed by General Smuts who said that there could only be one guarantee for the security of white civilisation in South Africa, and that was honest justice between man and man. General Hertzog expressed appreciation of General Smuts' attitude and declared that whilst it was not possible at present to abolish all differences between the white and other races, nevertheless it was necessary to proceed carefully with such a measure as this and to take pains to avoid giving offence. He therefore asked the House to deal with the measure before it in as conciliatory a spirit as possible.

The second reading of the Bill took place on the 6th of May, and the smallness of the majority by which it passed seemed to show, not only that South African opinion was far from unanimous on the subject of the Bill, but even that there were misgivings in various quarters as to the principle involved in it. There was another debate in the Union Assembly on the second of June when the opposition moved to reverse the decision of the Select Committee to which the Bill had been referred not to take evidence. After a long debate this motion was rejected. On the 9th of June, the Report of the Select Committee was brought before the Assembly and was carried only by the casting vote of the Minister. The Select Committee had somewhat toned down the original rigour of the Bill by recommending that instead of providing that certificates of efficiency should not be given to Asiatics and African natives, the Bill should provide that such certificates should be given (*a*) to Europeans and (*b*) to "Cape Coloured" and "Cape Malays." In one sense this made the Bill worse from India's point of view, though, of course, it was something gained not to have Asiatics referred to by name. On June 25th the Bill passed its third reading in the Assembly by a narrow majority—44 to 31. The recommendations of the Select Committee regarding the omission of specific mention of Asiatic and African natives were adopted in the Bill as finally passed. Later, however, the Bill was rejected by the Senate, and its further fortunes will be followed in due course.

Another political event of the first magnitude took place in India whilst the fate of the Colour Bar Bill was being settled in South Africa. This was the suspension of the transferred subjects in Bengal on the 13th of June. The elections of November 1923, as is well-known, had returned a number of Swarajists to the Indian Legislative Assembly and to all Provincial Legislative Councils. Only in the Council of the Central Provinces had the Swarajists an absolute majority and there they speedily made the working of dyarchy impossible, their crowning exploit being the fixing of Ministers' salaries at Rs. 2, (about half a crown) a year. In the Bengal Council the Swarajists were in substantial numbers, but were still a minority. However, certain Independents, chiefly Mohammedans, in the Council formed a sort of alliance with the Swarajists, the loose coalition which resulted from this alliance then having a majority. This majority proceeded to vote down automatically the motions brought forward by Government and it was at once obvious that their action formed a strong menace to the future existence of dyarchy in Bengal. Between March 1924 and March 1925, the Bengal Legislative Council three times refused to vote salaries for the ministers, and the Government had then no option but to suspend the transferred subjects. The Government of India's resolution on this subject is quoted in an appendix and states clearly the reasons for this action.

It is probable that only a small percentage of the Swaraj Party in the Bengal Council really rejoiced at this result of their tactics. Certainly nobody else did. The Governor, Lord Lytton, had explored every path which offered a chance of escape from this regrettable result, but unfortunately, the Swarajists remained intransigent, and as the administration of the transferred subjects under the temporary rules was unsuitable for a permanent form of administration, the present decision had to be taken. The Government, however, made it clear that even now the suspension of the transferred departments might be revoked again, and the dyarchic system restored before the end of the life of the present Council, should that body show any desire to secure a reconsideration of the position. Bengal is politically one of the advanced provinces of India, and it was hoped that it would show the way to the rest of the country to work the new and fruitful constitution so as to secure the benefits which all lovers of India, both Indians and Englishmen, had hoped for. But it is not necessary to take too tragic a view of the situation thus created. The political life of Bengal and, indeed, of all India, suffers to some extent by this withdrawal of some of their ablest sons from the effort and the work necessary to carry the motherland to her goal of Swaraj, but it is very likely that this withdrawal will not be permanent. The policy of the Swarajists in Bengal as elsewhere in India is a policy of mere negation, and so cannot for long hold the imagination and the loyalty of any large number of people. The common human instinct for creative action and work of which the fruits can be reaped must inevitably assert itself before long in Bengal politics, and it is even possible that in the revulsion of feeling the people of Bengal will give to the new constitution what it needs more than anything else to make it a success, that is, whole-hearted loyalty to the great ideal which it embodies, and a determination to achieve that ideal against all odds.

But the middle of June brought an event which for the time eclipsed everything else in Indian public life—the death on June the 16th of Mr. C. R. Das at his residence "Step Aside" at Darjeeling. Mr. Das by the beginning of 1923 had definitely succeeded Mr. Gandhi as the supreme leader of advanced political thought in India. He never exercised that sway over the hearts and minds of men which Mr. Gandhi exercised at the height of his influence, but he had, perhaps, a firmer hold on reality, and a far truer perception of the actual facts of politics than Mr. Gandhi ever had. He had an unerring instinct for the weak points in an adversary's position, and a tenacious resolution in the execution of his own plans which raised him far above the level of the ablest of his lieutenants. Like Mr. Gandhi he was honoured by his opponents even while they fought him, and among the numberless tributes paid to his memory are many, sincerely felt and frankly worded, by Europeans, including high officers of Government. The Secretary of State and the Viceroy were among those who sent messages of regret, and one of the first acts of the Legislative Assembly, when it met in August, was to give fitting expression to the loss which the nation had suffered in the deaths of Mr. Das and another veteran and widely respected politician, Sir Surendranath Banerjea, who died on the 6th of August, 1925.

It was expected that the widespread grief at Mr. Das's death would give rise to a *rapprochement* between Hindus and Mohammedans, at any rate, for a time. Unfortunately, however, these hopes were not realised, and July witnessed a growing state of tension between the two communities, marked in some places by riots and other disturbances. The history of the month in India is divided evenly between Hindu-Muslim affairs and national politics. During July, certain tendencies which, by the end of the year, had grown so as to dominate Indian political affairs. became clearly perceptible. We will deal first with these political developments. Naturally the *pourparlers* between Lord Birkenhead and Lord Reading in London were the object of keen and anxious attention on the part of Indian politicians. By the end of June the *pourparlers* had been completed but no official statement regarding them had been issued. Speculation in India was rife concerning their results, but by the beginning of July there was a general belief that no spectacular changes in the Indian constitution would take place. Lord Birkenhead's long expected pronouncement was made in the House of Lords on July 7th. It was a full survey of Indian politics, in which the chief features were distinguished and considered. Lord Birkenhead first declared that no decision had been reached in his discussion with Lord Reading. Before any changes could be made, the Legislative Assembly must be consulted. Revision of the Constitution before the period laid down by the Act, he said, depended on the creation of certain conditions. Wise men were not the slaves of dates, but dates were the servants of sagacious men. The Reforms, he continued, had neither altogether succeeded, nor had they altogether failed, although Indian leaders had abused and defamed them, and the most highly organised party in India had deliberately set out to destroy them. The constitution would undoubtedly require revision after ten years, when everything would be thrown into the melting pot. The Government could not accept the report of the Minority of the Muddiman Committee at this stage. Action would be taken as far as possible on the Majority Report after receiving the views of the Government of India and the Legislative Assembly. The Army, again, must not become " the toy of political parties." Lord Birkenhead announced his hope to be able to give " a powerful impetus " to the development of Indian agriculture and concluded his speech by appealing to the Dominions to avoid such discrimination " as must deeply wound the ancient and dignified people of India," and to Indian politicians to co-operate in labour for the well-being of India. The speech is printed as an appendix to this book.

The reception of the speech in India was not as favourable as might have been expected, and, in particular, the expressed opinion of the Moderate section of Indian politicians was disappointing. A reason can be advanced for this state of affairs. Of late years it has been the fashion to regard the situation in India as demanding from time to time much heralded announcements which should lead to the declaration of some momentous development of policy, or the grant of certain " boons." Lord Reading's having taken the unusual step of accepting an invitation to confer with the Secretary of State heightened, no doubt naturally, the belief that important decisions would be reached during the conversations between the two statesmen, and that those decisions would be known when Lord Birkenhead made his statement on Indian affairs. The Secretary of State, as we have seen, vouchsafed no such information and, in fact, he declared that no decisions had been reached, for the very good reason that the advice of the

Governor General of India in Council and the opinion of the Indian Legislature had first to be ascertained. Running through the whole of Lord Birkenhead's speech was the argument that the British Parliament had for the moment done all that it could do for the truest interests of India, and that it was now for the Indian people themselves to use the opportunities for political advance which had been given to them by the 1919 Act. The more enthusiasm and wisdom they brought to this task, the quicker would another set of conditions be created which Parliament could embody in another Indian Constitutional Act which would provide India with even wider scope than the 1919 Act, for herself advancing to her desired goal of Swaraj.

The full reports of Lord Birkenhead's speech were published in India on July 10th and the remainder of the month saw an outburst of political meetings in India to discuss the situation created by the speech. On the 14th of July, the Committee of the Indian Association at Calcutta, whilst expressing disappointment with the speech because it declared that no immediate effect would be given to the Minority Report of the Muddiman Committee, and also because it was regarded as ruling out the possibility of a Royal Commission on the Indian constitution earlier than 1929, nevertheless declared that " it was strongly of opinion that in the best interests of the country and with a view to the speedier realisation of responsible government, the existing reforms should be worked in the meantime, unsatisfactory and inadequate as they are."

Two days later the Swaraj Party and the Working Committee of the Indian National Congress held meetings, also in Calcutta. The day before these meetings were held, the Executive Committee of the Swaraj Party met and drew up certain recommendations to be placed before the General Council of the Party the next day. There were strong rumours in Calcutta that in response to Lord Birkenhead's speech the Swarajists would decide to co-operate with the Government on the lines suggested by Mr. Das in his Faridpur speech. The General Council of the Swaraj Party which met on the 16th was a strong and thoroughly representative gathering of the party, including as it did Messrs. Jayakar and Patel, Mrs. Naidu, Mr. Gandhi and others. After a prolonged discussion, a number of resolutions were passed of which the following is relevant to the present discussion:—

> "That this meeting of the General Council of the All-India Swaraj party wholly endorses the sentiments regarding violence, and the strong condemnation thereof contained and the offer of honourable co-operation with the Government and the conditions thereof laid down in the Faridpur speech, dated the 3rd May, 1925, of the late President of the party, Deshabandhu Chitta Ranjan Das.
>
> The Council, however, regrets that the recent pronouncement of the Secretary of State for India in the House of Lords is not only no response to the late President's offer, but, on the contrary, is calculated, by reason of its tone and language, to make the chances of honourable co-operation difficult, if not impossible. The Council, therefore, sees in that pronouncement no reason for a revision of the policy of the Swaraj party, but will be prepared to reconsider it if the final declaration to be made by the Government of India, and referred to by Lord Birkenhead, is found to be at all adequate to meet the requirements of the existing situation in the country."

Carefully read, this Resolution is very far from being an uncompromising re-affirmation of the old Swarajist policy, and it was freely said at the time by persons who were in a position to know, that important differences of opinion had emerged between influential leaders of the Swaraj Party—differences which, as we shall see, were to lead later to weighty political developments. One immediate important result of this meeting was that Mr. Gandhi placed the whole machinery of the Congress at the disposal of Pandit Motilal Nehru, the Swarajist leader, and announced that the Congress need no longer be predominantly a spinning association. In writing to Mr. Gandhi acknowledging this action of his, Pandit Motilal Nehru defined the future policy of the Swaraj Party. "Lord Birkenhead," he wrote, "seems to have spurned the honourable co-operation offered by Deshabandhu (the late Mr. C. R. Das) and to have made it clear that in our struggle for freedom we have still to face many unnecessary obstacles and many ill-informed opponents. Our plain duty at this stage is, therefore, to go ahead along the line chalked out for us and prepare the ground for an effective challenge to irresponsible and insolent authority.'' The difference between the tone of this letter and the tone of the resolution passed at the Calcutta meeting on July 16th, quoted above, is significant, for Pandit Motilal Nehru in his letter is, presumably, expressing his own personal opinion unfettered by the opinion of other members of his party. When his opinion is compared with that of the general meeting, the cleavage between the Left Wing of the Swaraj Party represented by Pandit Motilal Nehru and the Right Wing which was apparently even then moving towards Responsive Co-operation, becomes clearly apparent.

Other political parties beside the Swarajists were reconsidering their position in these days. On July 20th, an important member of the Independent Party told a representative of the leading Anglo-Indian newspaper in Calcutta that the Independents would be prepared to allow their leader to accept office upon conditions consistent with their political convictions and individual self-respect. In other words, the Independents in Bengal were ready to accept responsibility for the administration of the transferred departments on certain terms, and if the Governor of Bengal were to re-consider the position and agree to these terms, the revival of ministerial office and responsibility in Bengal was a distinct possibility. The same leader also said that there existed in Bengal a desire to bring about a coalition between the Independents and the Moderates and that, in fact, the Independents were practically ready to adopt the policy of Responsive Co-operation. Again, on July 25th, an article appeared in a Punjab newspaper written by the well-known Swarajist politician Lala Lajpatrai who, after discussing the non-co-operation movement, finished by saying, " What is needed now is the chalking out of a middle course. We are not ready to co-operate, we must do what is best, practical and possible under the circumstances. For that we require vigorous thinking, thorough discussion and honest consultation among all parties, and determination to do what is decided upon.'' Throughout the rest of the month rumours were current that the Swarajists were seeking a compromise with the Governments of Bengal and the Central Provinces. In the latter province a strong movement against the extreme Swaraj policy was clearly developing, particularly in the Berar Division whose members were still moving away from the Swarajists in the direction of Responsive Co-operation. At the end of July and the beginning of August, discussions took place between Sir Montagu Butler, Governor of the Central Provinces, and the leader of the Swaraj Party, over the question of re-establishing the Ministry there. Unfortunately these discussions did not result in the formation of a Ministry but they at any rate showed that the divisions of opinion which we have already noted among the members of the general meeting of the Swaraj Party at Calcutta existed also among the members of the party in the Central Provinces.

The election of the President of the Bengal Council, which took place at Calcutta on the 12th of August may, perhaps, be taken as a straw to show which way the wind was blowing. The final contest was between two candidates—an Independent and a Swarajist—and in the result the Independent defeated his opponent by 6 votes. Another straw was a vigorous article reproduced in India in the middle of August, which Col. Wedgwood had contributed to an English Labour newspaper. The article was a reply to certain criticisms of Col. Wedgwood's contribution to the India debate of July 7th, and was a slashing attack on Swarajist tactics, condemning their policy of wrecking the reforms in Bengal and the Central Provinces, and accusing the Swarajists of not knowing what they wanted. "How can we help people," he asked, "who cannot make any definite proposal because they cannot agree on one"? He concluded his article with these words:—

> "As Mr. Satyamurti attacks me, let me tell him that I am coming to this reluctant conclusion that he and his party are afraid of democracy; that they are against the extension of the franchise, against the untouchable workers, against the starving tenants, against giving powers and responsibility to the common people of India. As their money comes from the landlords and capitalists they are afraid. They want themselves to govern India; they do not want the common people of India to govern themselves. If this is not so, let them drop their tomfool non-co-operation, and tell us exactly what they need to make real freedom safe."

At the very time when this article of Col. Wedgwood was appearing in print in India, an event occurred which created great excitement in Indian political circles. This was the resignation of Dr. A. Suhrawardy from the Swaraj Party. Dr. Suhrawardy was one of the most important leaders of the party in Bengal, and he was the candidate for the Presidentship of the Bengal Legislative Council whose defeat has just been recorded. A few hours after his adoption as the Swaraj Party's candidate for the Presidentship, Dr. Suhrawardy had an interview with the Governor of Bengal. Mr. Gandhi took strong exception to this, saying first that it was a most improper act on his part, and secondly, that he had thereby "sold his country." On hearing of these comments Dr. Suhrawardy sent a letter to the Secretary of the Bengal Swaraj Party resigning his membership. In an interview which he gave to a representative of the Associated Press shortly after his resignation, Dr. Suhrawardy, whilst re-affirming his attachment to the ideals of the late Mr. C. R. Das, concluded by saying, "but I can never submit to the Swarajism which is now sought to be imposed upon me. My resignation may mean my political death......but I deem political hari-kari more honourable than living under the new tyranny." The day after the reports of this interview appeared in the press, a full statement of his attitude in this connection was made by Mr. Gandhi to a representative of an important Anglo-Indian newspaper in Calcutta. The gist of his statement was that Swarajists ought to hold aloof from officials, and is summed up in his own words as follows:—

> "I cannot, therefore, help saying that it is a healthy rule to prohibit members of the Swaraj Party from meeting or seeing officials without the permission of the party."

This incident was generally regarded as another manifestation of the fissiparous tendencies in the Swaraj Party, some of the beginnings of which have been already noticed. Thus, the interval between the close of the Delhi Session on March 24th, 1925, and the opening of the Simla Session of the Central Legislature on August 20th saw a definite change in the fortunes of the Swaraj Party, and the beginnings of certain sympathetic changes in Indian politics generally. These changes will be followed out in detail in the course of our narrative.

Mention was made a little while back of growing Hindu-Muslim tension throughout July. The greater part of the trouble between the two communities during this month arose out of the celebration by the Muslims of a festival usually known as the Bakr Id (*i.e.*, *baqarah id* or cow festival) which fell this year on the 2nd July. Cows are sacrificed by Muslims during this festival and as cow slaughter is abhorrent to Hindu religious sentiment, the chances of friction at such times are numerous.

The principal places affected were Delhi, Calcutta and Allahabad. In Delhi, the Muslims had for long been accustomed to lead the sacrificial animals along a particular route called the Pahari Dhiraj route. In 1924, owing to the dangerous state of communal relations, this route was closed by the authorities and no animals were taken along it. It was recognised, however, that such a restriction was felt by Mohammedans to be irksome, and, therefore, the local authorities announced that the route would be open on the occasion of the Bakr Id festival this year. Negotiations were undertaken by certain Hindus and Muslims of Delhi with the object of coming to an amicable agreement. However, owing partly to the attitude of certain fire-eaters on both sides, the negotiations broke down and the authorities had even to arrest a number of leading agitators of the two communities. The tension by the beginning of July had become very acute, and there was an appreciable exodus of Hindus to neighbouring places until after the festival. On the actual day, elaborate police and military arrangements were made. Police pickets, both mounted and foot, were posted at appropriate points and armed policemen were stationed on housetops commanding the route. A squadron of cavalry patrolled the city and there was a small detachment of British Infantry in the danger zone. Owing to these precautions the day passed quietly in Delhi.

Calcutta, however, was less fortunate, for there a riot occurred between Hindus and Muslims near Garden Reach. It was alleged by the local Hindus that a cow was slaughtered in front of a Hindu house, whereupon large numbers of men of both communities assembled with sticks and stones. About three hundred Mohammedans and six hundred Hindus are said to have been concerned in the affray. Thirty-eight Muslims were admitted into hospital, of whom one died immediately after admission, while others remained in a precarious condition. Another riot took place during the Bakr Id celebrations at Humnabad in the dominions of the Nizam of Hyderabad, about 40 miles away from Gulbarga, where a very severe communal riot had taken place the year before. At Allahabad the authorities took special precautions against communal disturbances. Shortly before the celebrations, British and Indian troops marched through the city and the police strictly enforced an order issued by the District Magistrate regulating the size of sticks which might be carried during the festival. Later in the month there were Hindu-Muslim riots in Rangoon and at a small place called Patdi near Ahmedabad, where it was alleged that a Hindu boy had been taken away by certain Mohammedans for sacrifice. The better known Mohammedan celebration of Muharram fell at the end of July necessitating once more extraordinary precautions by the authorities in various places. Happily, no serious disturbances were reported during the ceremony. In Lahore, the capital city of the Punjab, an unpleasant situation seemed to be developing during the greater part of July between the Hindus and Muslims owing to rumours which were current there that Hindu boys were being systematically kidnapped by Pathans. However, wise and timely action on the part of the District Magistrate and Senior Superintendent of Police, who conducted immediate enquiries into all reports of kidnapping, and took the leaders of the Hindu community into their confidence by showing them the results of their enquiries and associating them in these enquiries, revealed the utter lack of foundation for these reports, and the anxiety of the Hindus died down.

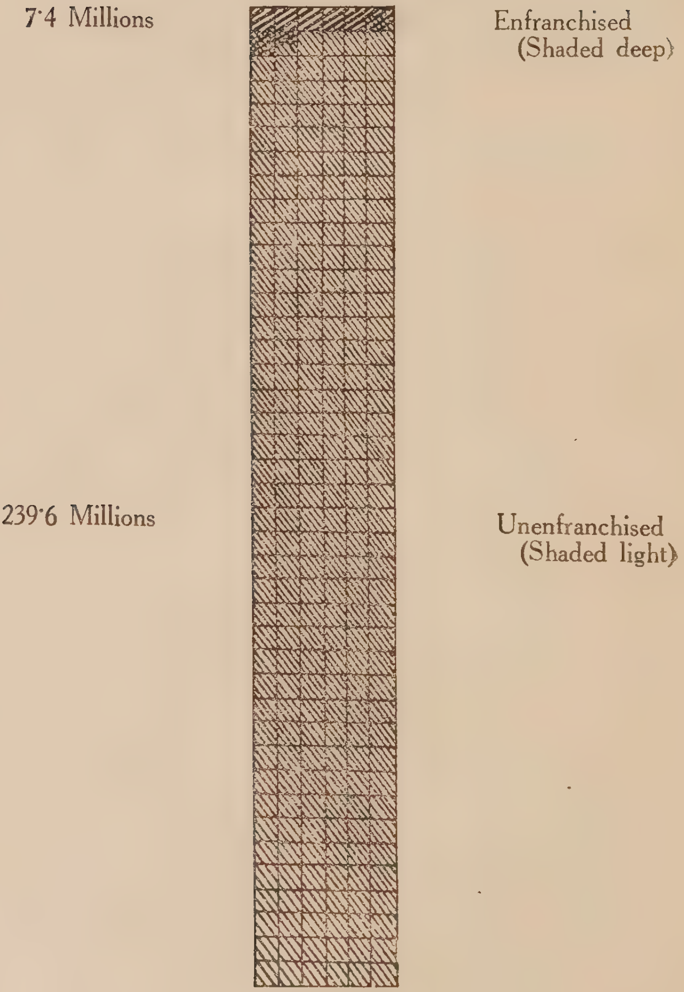
On August 1st in the famous town of Panipat, not far from Delhi, what would undoubtedly have been a very bloody communal riot was averted by the plucky action of certain magistrates and police officials of the Karnal district in which Panipat is situated. A Muharram procession was proceeding through the main bazar of the town when it was met by a large mob of Hindu Jats estimated to number not less than one thousand, who had armed themselves with staves, scythes, pitchforks and other weapons. Some of the Jats are said to have climbed on to houses in the Bazar, taking stones with them. The Muharram procession was speedily reinforced by large crowds of Muslims armed with sticks. The local Magistrate and Deputy Superintendent of Police, with 15 or 20 constables, had forced themselves in between the rival mobs. At this point the District Magistrate and the Superintendent of Police arrived from Karnal. The Superintendent took charge of the small body of police and at once charged and dispersed the Jats. The affair thus ended fortunately as far as Panipat and the would-be belligerents were concerned, but, unfortunately, it gave rise to a fierce controversy in the press which had the effect of excerbating communal relations in places far remote from Panipat.

Meanwhile the Bombay Cotton Industry, whose vicissitudes have been already noticed, was entering on still more difficult days. By the end of July the state of the industry was such that the millowners decided to reduce the wages of their employees. A meeting of the Bombay Millowners Association, at which representatives of most of the important mills in Bombay were present, met on the 27th of July and decided that "the dear food allowance" of 70 per cent. and 80 per cent. paid to mill-hands should be reduced to 50 per cent. and 60 per cent. respectively from the 1st September 1925, the reduction being equivalent to a cut of about 11½ per cent. in the total wages of the mill-hands. The latter, naturally, strongly opposed this reduction and a deputation of representatives of the All-India Trade Union Congress and several Labour organisations in Bombay waited upon His Excellency the Governor of Bombay on August 12th. The deputation said that whilst it would be glad to see the cotton excise duty abolished, it did not believe that the abolition would have the beneficial effect predicted by the millowners. It asked His Excellency to appoint a small commission of experts to investigate the present plight of the cotton industry, and also that the Governor should ask the millowners to suspend their notices regarding the reductions of pay pending the report of this commission. The millowners next sent a deputation to wait on His Excellency the Viceroy on August the 24th. The deputation asked firstly that the cotton excise duty should be abolished and secondly that steps should be taken to prevent the dumping of Japanese cotton goods in India. His Excellency was unable to accede to the former request in view of the large amount of revenue at stake at a time when the financial position of the year was unknown and could not be accurately forecasted. He, however, affirmed that the Government of India stood by the letter and spirit of the pledge given by Lord Hardinge that the excise duty would be abolished as soon as financial considerations permitted. His Excellency further informed the deputation that the main difficulty in the way of investigating the question of anti-dumping legislation was the absence of concrete facts and figures in support of the allegations made. His Government was in close touch with the position, and he was prepared to have an investigation made, as soon as the necessary evidence was forthcoming.

The Summer Recess thus ended with a very threatening cloud hanging over the Bombay Cotton Industry.

DIAGRAM No. 1.

The Voters of British India.



N.B.—Each square represents 1,000,000 of population.

CHAPTER II.

The Simla Session.

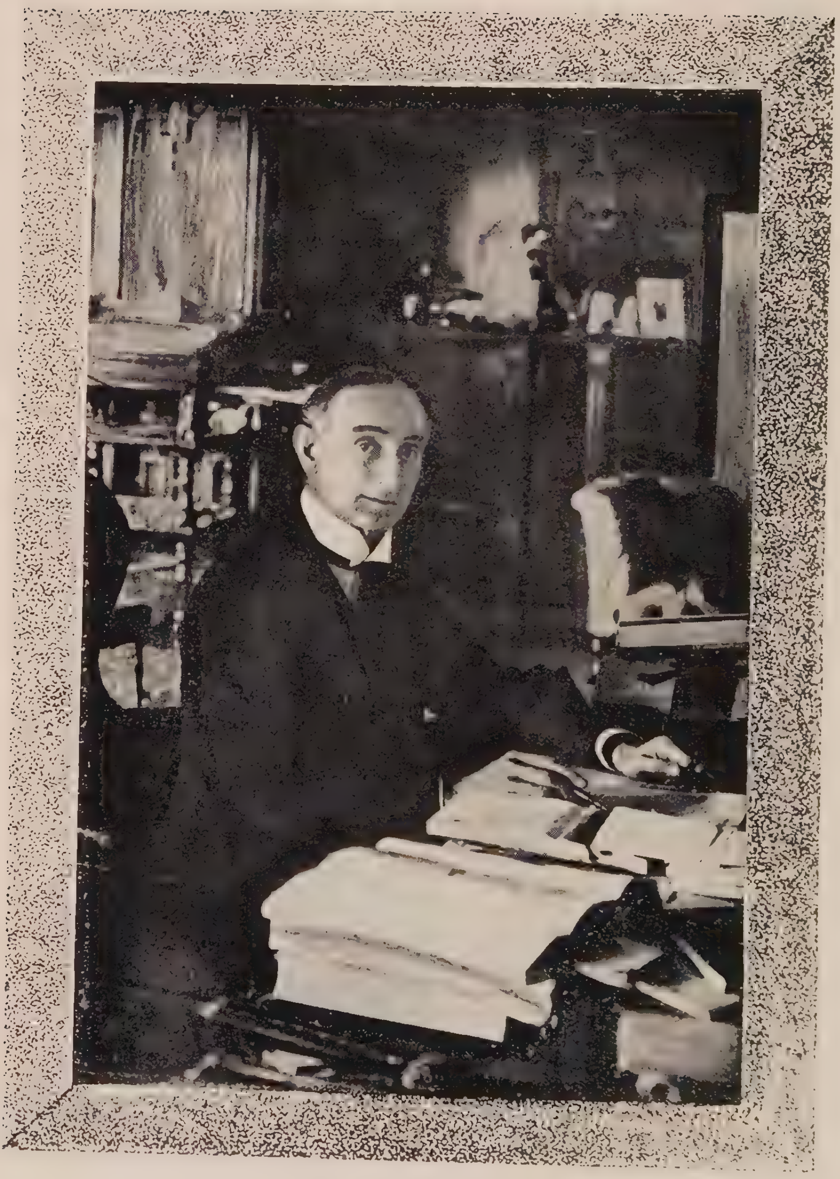
In last year's Report the key-note of the year in politics was stated to be apathy. The remark was true, but the apathy displayed was not the apathy of utter indifference to politics. It was partly an inevitable revulsion from the unhealthy excitement of the long-drawn non-co-operation campaign, and also, as events of the last few months have clearly shown, from the unprofitable policy of the Swaraj Party. The progress of the Swarajists between the Delhi Session of 1924—when they first entered the legislatures—and the Delhi Session of 1925, away from their purely wrecking policy and in the direction of a constitutional opposition has already been briefly mentioned. Beyond any question, their change of heart was due to a growing consciousness in the electorate that what India needed was construction and not destruction. The truth is that the influence of opinion and events, both inside and outside the legislatures, was forcing the Swarajists to co-operate with the Government to the demonstrable advantage of their country. Shortly before the beginning of the Simla Session, Pandit Motilal Nehru had accepted a seat on the Indian Sandhurst Committee and one of the earliest acts of the Assembly during the Simla Session was of truly historic importance, these words being used with a full sense of their value. This was the election of one of the outstanding leaders of the Swaraj Party, Mr. V. J. Patel to be President of the Indian Legislative Assembly—the Indian counterpart, that is, of the Speaker of the House of Commons. The Government of India Act had laid down that at the end of the first four years of the life of the new constitution, the first nominated President should be replaced by a President chosen by the Assembly itself from among its elected members. The election was, accordingly, made on Saturday the 22nd of August, and resulted as stated in the election of Mr. Patel. The election was most cordially received in the Assembly, the leaders of every section of opinion joining in congratulating the new President, most heartily and the chorus of congratulation was swelled by every responsible newspaper in the country. Mr. Patel's speech in which he thanked the Assembly for their warm reception of his election is reproduced in an appendix and should be read in full because of the intrinsic interest which it possesses owing to its frank and personal character and also because of its political importance. In view of the controversy between Mr. Gandhi and Dr. Suhrawardy, the new President's remarks on the attitude which he intended to adopt towards officials are very interesting.

The Session thus opened in somewhat piquant circumstances, and the Agenda, which comprised such items as a Government Resolution recommending the acceptance of the principle underlying the Majority Report of the Reforms Enquiry Committee of 1924, (better known as the Muddiman Committee) another, in the Council of State, relating to Indians in South Africa, a Government Resolution relating to the protection of the Indian Steel Industry, and a large and varied list of Bills, promised no lack of interest.

The inaugural ceremony focussed the attention of all India, for, despite the previous pronouncement by Lord Birkenhead, the belief still persisted in some quarters that Lord Reading would make an announcement of exceptional political importance. The public galleries were crowded long before the Viceroy's arrival, and on the floor of the Chamber representatives of all shades of opinion, Swarajists and occupants of the Government Benches alike, met each other in friendly greeting. The attendance of members was very good, all parties in the Chamber being well represented.

A great part of the Viceroy's speech was devoted to recent events in India. The personnel of the long-demanded Currency Commission was announced, and a further announcement which caused the widest interest was also made. This was that India's "greatest Industry," agriculture, was to receive more sustained support at the hands of the Government and that an All-India Agricultural Organization was to be established which, it was hoped, would play a notable part in further increasing the wealth of the cultivator.

Turning to the question of Indians Overseas, His Excellency referred to their position in South Africa and stated that his Government was watching the situation closely and was still in communication with the Government of South Africa.



HIS EXCELLENCY LORD READING.

Lord Reading then described his experiences in England and re-affirmed in impressive language the assurance already given by Lord Birkenhead that Parliament's attitude towards India's political aspirations remained unchanged. He showed how strangely misunderstood in India had been Lord Birkenhead's speech, which, in truth, had revealed warm sympathy towards India's hopes. Then he continued with still greater earnestness.

"You will have gathered from the Parliamentary reports that the general lines of the pronouncement were not seriously challenged in the British Parliament. I confess that I have, therefore, been somewhat disappointed on a perusal of reported speeches of political leaders in India and of articles in the public Press, to find that the speech has been received in some quarters in so critical a spirit. The impression on my mind is that its importance and value to India have not been sufficiently appreciated. I look upon the Secretary of State's address as a message of sympathetic encouragement to India, at least to those who are desirous of advancing to responsible self-Government within the British Empire. It is an emphatic indication that political opinion in England stands firm upon the declarations made in 1917 and 1919 without distinction of political parties."

He repeated that there was no special sanctity attaching to the year 1929. The examination of the 1919 Act might, he said, take place at any time not later than 1929, when the British Government were persuaded that responsible political leaders had genuinely co-operated in working the existing constitution, and when sufficient experience of the new and still largely untried conditions had been gathered. But the Viceroy declared that, after discussion with prominent men of different shades of political opinion in England, he was impressed, on the one hand, by the sympathy manifested towards India and Indians generally, and, on the other, by the determination not to be hurried by threats into premature concessions. A moving appeal, couched in eloquent language, concluded the speech. As a Viceroy whose term of office was nearing its end, and as a sincere friend of India, Lord Reading affirmed that he had spoken that day from the conviction of his heart; he had expressed the thoughts of one who had a warm affection for India, and a deep devotion to her interests. For these reasons, he had been desirous of carrying his hearers along the only avenue which, in his judgment, could lead to the promised land, to the prouc heights of India's destination.

The full text of His Excellency's speech will be found as ar appendix to this book.

Following the inaugural speech, the ordinary work of the session began in somewhat dramatic circumstances by a motior moved by Mr. Jinnah, leader of the Independent Party, for the adjournment of the business of the Assembly to discuss a matter of urgent public importance, namely the composition of the Currency Commission as announced in the speech of His Excellency the Viceroy. In moving his motion Mr. Jinnah referrec to a Resolution which had been carried during the Delhi Sessior recommending that a Committee with a majority of Indian non-officials on it and with an Indian Chairman be immediately appointed to examine the whole question of exchange and currency. He said that Sir Basil Blackett had objected to the terms of the Resolution but had agreed that there should be ar effective and adequate representation of Indian interests on the Committee. Mr. Jinnah remarked that both the public and the press were dissatisfied with the composition of the Commissior and considered that Indian interests would not be adequately anc effectively represented on it.

Other speakers complained that the members of the Commissior did not command the confidence of the Indian public, that individual interests, such as agriculture, were not represented, and so on In reply, Sir Basil Blackett affirmed that the Commission had beer chosen " to represent one interest only and that is the true interes of India taken as a whole." He also drew attention to the fact that only one Indian member in each case had been appointed on the Currency Commissions of 1913 and 1918, whereas the present Commission had four Indian members and an Indian Secretary. Mr Jinnah's motion was, however, pressed to a division and carried by 64 votes against 45.

The record of previous sessions shows the anxiety of the Indiar Legislature with regard to its constitutional position and powers and, therefore, it was only natural that the most important resolutions of this session were those connected with the report of the Reforms Enquiry Committee. This Committee was formec under the Chairmanship of Sir Alexander Muddiman as the resul

LEGISLATIVE ASSEMBLY (6th MARCH, 1925).

FRONT ROW. (*Left to right*) Sitting.	Prince Akram Hussain, Sardar B. A. Dalal, Maulvi Abul Kasem, Sir Chimanlal Setalvad, Sir Campbell Rhodes, Mr. Darcy Lindsay, Sir Basil Blackett, Dewan Bahadur T. Rangachariar, Sir Alexander Muddiman, Sir Frederick White, Pandit Motilal Nehru, Mr. L. Graham, Mr. M. A. Jinnah, Mr. K. C. Neogy, Sir Sivaswamy Iyer, Mr. V. J. Patel, Dr. S. K. Datta, Mr. K. Ahmed, Mr. N. M. Joshi.
SECOND ROW.	Lala Piyare Lall, Mr. J. W. Bhore, Mr. K. V. Ramana Reddi, Mr. K. K. Nambiar, Mr. Harchandrai Vishindas, Mr. S. C. Ghose, Mr. Alimmuzzaman Chowdhery, Mr. Mahomed Ibrahim Makan, Maulvi Mahomed Yaqub, Rai Bahadur Mr. Raj Narain, Rai Sahib Harbilas Sarda, Sardar Gulab Singh, Makhdum Rajan Buksh Shah, Mr. M. C. Naidu, Khan Bahadur Sarfaraz Hussain Khan, Syed Ghulam Abbas, Mr. H. Calvert, Capt. Ajab Khan, Khan Bahadur W. M. Hassanally, Maulvi Badi-Uz-Zaman, Khan Bahadur Mahomed Abdul Mumin, Mr. Amarnath Datt, Maulvi Syed Murtuza Sahib.
THIRD ROW.	Dr. L. K. Hyder, Mr. H. Tonkinson, Pandit Nilkantha Das, M. Sadiq Hussain, Mr. B. Das, Mr. W. F. Hudson, Mr. Narain Dass, Sardar V. N. Mutalik, Mr. Gaya Prasad Singh, Mr. Devaki Persad Sinha, Diwan Chaman Lall, Prof. Rushbrook Williams, Mr. Shanmukham Chetty, Capt. Hira Singh, Sir Gordon Fraser, Mr. Jamna Das, M. Mehta, Mr. N. C. Kelkar, Mr. D. V. Belvi, Mr. H. G. Cocke, Rai Bahadur S. N. Singh, Diwan Bahadur Ramachandrarao, Seth Kasturbhai Lalbhai, Dr. K. G. Lohokare, Mr. M. V. Abhyanker, Dr. Haji Syed Abdul Khadar Sahib Jeelani.
FOURTH ROW.	Mr. F. H. Ashworth, Maung Tok Kyi, Dr. Kishen Lal Nehru, Sheikh Mushir Husain Kidwai, Mr. B. C. Roy, Mr. J. L. Mc Callum, Mr. M. Webb, Lala Hans Raj, Mr. K. K. Chanda, Kumar Ganganand Sinha, Mr. A. H. Lloyd, Capt. Suraj Singh Bahadur (Marshal), Dewan Bahadur C. V. Visvanatha Shastri, Mr. M. K. Acharyar, Mr. T. R. Phookun, Mr. Denys Bray, Mr. C. Duraiswamy Aiyangar, Mr. Samiullah Khan, Khan Bahadur Syed Muhammed Ismail.
FIFTH ROW.	Mr. T. E. Moir, Mr. Ambica Prasad Sinha, Mr. Venkata-patiraju, Mr. R. A. Wilson, Mr. C. S. Ranga Iyer, Mr. A. Marr, Pandit Shamlal Nehru, Mr. F. D. Fleming, Mr. W. A. Cosgrave, Col. J. D. Crawford, Mr. Kumar Sankar Ray, Mr. Ahmed Ali Khan, Mr. A. Rangaswami Iyengar, Pandit Sambhu Dayal Misra, Mr. E. F. Sykes, Mr. W. S. J. Willson.

THE LEGISLATIVE ASSEMBLY, 1925.

of the Legislative Assembly's adoption during the Delhi Session of 1924 of a resolution that "This Assembly recommends to the Governor General in Council to take steps to have the Government of India Act revised with a view to establish full responsible Government in India and for the said purpose, (*a*) to summon at an early date a representative Round Table Conference to recommend, with due regard to the protection of the rights and interests of important minorities, the scheme of a constitution for India: and (*b*) after dissolving the Central Legislature, to place the said scheme for approval before a newly elected Indian Legislature for its approval and submit the same to the British Parliament to be embodied in a Statute." During the debate on this resolution Sir Malcolm Hailey made the following statement:—

"Before His Majesty's Government are able to consider the question of amending the constitution, as distinct from such amendments of the Act as are necessary to rectify any administrative imperfections, there must be a full investigation of any defect or difficulties which may have arisen in the transitional constitution. Neither they nor we would be justified in considering changes in the constitution until they were in possession of the information which our investigation would place in their hands. In 1919 Parliament, after the fullest consideration, laid down a scheme, transitional in its nature, but nevertheless carefully devised with a view to effecting the steps necessary for the progressive realisation of the ideal embodied in the prelude to the Act. It is not to be supposed that the British Parliament would be lightly inclined to consider changes in that constitution; it is bound to concentrate attention for the present on such imperfections in its working as may have been disclosed by the experience of the last three years. I said we have carefully considered our position again, and we hold to that position in detail—save in one respect. If our inquiry into the defects of the working of the Act shows the feasibility and the possibility of any advance within the Act—that is to say, by the use of the rule-making powers provided by Parliament under the Statute, we are willing to make recommendations to this effect. But, if our inquiry shows that no advance is possible without amending the constitution, then the question of advance must be left as an entirely open and separate issue on which Government is in no way committed. To that extent the scope of our inquiry goes somewhat beyond that originally assigned to it; but I must again emphasise the fact that it does not extend beyond that scope to the amendment of the constitution itself." The Committee assembled in Simla at the beginning of August 1924 and held its final meeting in Delhi on the 3rd of December 1924. The terms of reference were as follows:—

(1) to enquire into the difficulties arising from, or defects inherent in, the working of the Government of India Act and the Rules thereunder in regard to the Central Government and the Governments of Governors' provinces; and

(2) to investigate the feasibility and desirability of securing remedies for such difficulties or defects, consistent with the structure, policy and purpose of the Act;

  (*a*) by action taken under the Act and Rules, or

  (*b*) by such amendments of the Act as appear necessary to rectify any administrative imperfections.

It will be noticed that the first of these terms of reference was very wide and invited the Committee to consider any difficulties or defects inherent in the working of the Government of India Act and the rules thereunder. The second clause repeated the limitations which had been explained in Sir Malcolm Hailey's speech.

The main Resolution on this subject was moved by Sir Alexander Muddiman, Home Member, in the Legislative Assembly on the 7th September 1925 and by Mr. Crerar, Home Secretary, in the Council of State on the 11th of September in the following terms:—

> "This Assembly recommends to the Governor General in Council that he do accept the principle underlying the Majority Report of the Reforms Enquiry Committee and that he do give early consideration to the detailed recommendations therein contained for improvements in the machinery of Government."

A long amendment to the Resolution in the Assembly was tabled by Pandit Motilal Nehru, leader of the Swaraj Party, the gist of which was that immediate steps should be taken to move His

SITTING FROM LEFT TO RIGHT.	The Hon. Mr. Phiroze C. Sethna, The Hon. Nawab Sir Amiruddeen Ahmad of Loharu, The Hon. Sir Deva Prasad Sarvadhikary. The Hon. Sir Manakjee Byramjee Dadabhoy, The Hon. Mian Sir Fazli Hussain, His Excellency the Commander-in-Chief, The Hon. the President, The Hon. Sir B. Narasimha Sarma, The Hon. Sir Arthur Froom, The Hon. Sir Dinshaw Wacha, The Hon. Raja Sir Harnam Singh, The Hon. Mr. Ganesh Srikrishna Khaparde, The Hon. Saiyid Raza Ali.
FIRST ROW STANDING.	The Hon. Major-General Sir Charles MacWatt, The Hon. Mr. Sevasila Vedamurti, The Hon. Mr. Manmohandas Ramji Vora, The Hon. Pandit Shyam Behari Misra, The Hon. Mr. Yamin Khan, The Hon. Major Nawab Mohamed Akbar Khan, Khan of Hoti, The Hon. Colonel Nawab Sir Umar Hayat Khan, The Hon. Sardar Charanjit Singh, The Hon. Haji Chowdhri Mohammad Ismail Khan, The Hon. Khan Bahadur Moulvi Aman Ali, The Hon. Mr. Pratap Chandra Dutt, The Hon. Sahibzada Aftab Ahmad Khan, The Hon. Mr. Khagendra Nath Mitter, The Hon. Rai Bahadur Lala Ramsaran Das.
SECOND ROW STANDING.	The Hon. Mr. J. P. Thompson, The Hon. Sir William Crawford Currie, The Hon. Mr. E. R. Abbott, The Hon. Diwan Tek Chand, The Hon. Mr. A. C. McWatters, The Hon. Mr. G. A. Natesan, The Hon. Mr. K. C. Roy, The Hon. Dr. Dwarkanath Mitter, The Hon. Mr. V. Ramdas Pantulu, The Hon. Mr. A. A. L. Parsons, The Hon. Mr. Chandradhar Borooah, The Hon. Mr. D. T. Chadwick, The Hon. Mr. E. G. L. Laird-MacGregor, The Hon. Mr. J. Crerar, Mr. G. H. Spence (Secretary).

THE COUNCIL OF STATE, SIMLA, 1925.

Majesty's Government to make a declaration in Parliament embodying such fundamental changes in the constitutional machinery and administration of India as would make the Government of the country fully responsible. The amendment further recommended the holding of a Round Table Conference or other suitable agency adequately representative of all Indian, European and Anglo-Indian interests, to frame, with due regard to the interests of minorities, a detailed scheme based on the above principles, and to place the said scheme for approval before the Legislative Assembly, after which it would be submitted to the British Parliament to be embodied in a statute. Sir Alexander Muddiman placed the issue fairly before the Assembly. After justifying the action of the majority, he pointed out that the Minority Report virtually constituted a demand for a Royal Commission and he reminded his audience of Lord Reading's affirmation that if an enquiry were set on foot now into the demands for political advance he feared the result would be disappointing to those who had called for the investigation. He directed attention to the preamble to the Government of India Act which lays down that progress is to be gradual, not automatic; the British Parliament accepted full responsibility. If a Commission were appointed now the first question it would ask would be, what use had those upon whom powers had been conferred made of the talent placed in their hands? And, clearly and moderately, Sir Alexander reminded the Assembly of the reception that had been accorded by non-co-operators to the Reforms. In the first period, a large body stood out of the Legislatures, in the second period they came in but experience of their proceedings was still incomplete. Finally he urged that co-operation was not a phrase but a course of conduct.

Pandit Motilal Nehru then moved his amendment. This amendment, he said, was the result of most careful and anxious consideration and not only he and his Party, but practically every Nationalist member in the House had joined to support it. They were asking for nothing but a place in the sun for Indians. He failed to see in the Majority Report any underlying principle save that something could be done under the Government of India Act and the rules made thereunder. There was no doubt that something could always be done, but the question was whether that something would meet the requirements of the situation. It seemed to him that the principle which governed the Majority

Report and which in fact governed the whole system of Government was: "Give as little as you can and make sure that in the little you give the power and prestige of bureaucracy is not in the least jeopardised." That was the principle which Sir Alexander Muddiman was asking the Assembly to accept. On the other hand, what the Assembly wanted was that Dyarchy in the Provinces should be replaced by unitary responsible Government, and that the Central Government must be responsible to the Legislature, except in regard to military expenditure and the Foreign and Political Departments. Dyarchy was a system invented by speculative constitutionalists, and even the Montford report referred to it as a hybrid constitution which had potentialities for friction. In effect the Montford Report stated that they were building an unworkable machine and that Indians must try to work it. On this question however it was difficult to ascertain the considered opinion of the Majority Report.

This amendment of the Nationalists, said the Pandit, made it very clear that the present system of Government could not be maintained except by military power. Lord Birkenhead had asked for co-operation as the first condition of progress. He, the Pandit, said that the first condition of co-operation was a change of heart on the part of the Government. "Unless you show change of heart we are not going to co-operate." The hand of fellowship had been extended to the Government by Mr. C. R. Das in his Faridpur speech. The Government had rejected it, and Pandit Motilal, on behalf of himself and his party, stood by that speech. Mr. Das had also made it clear that if their demands were not granted, then Swarajists must pursue their programme of national work which they had been conducting during the last two years, and prepare the country for civil disobedience. Of course, there were some who with perfect logic shrank from the step of national civil disobedience but that was what the Swarajists were preparing the country for. Civil disobedience, Mr. Das took care to point out, must be offered by those who had infinite capacity for sacrifice. In that speech Mr. Das had pointed out to the Government the possibilities of co-operation and the Pandit and his party stood by that utterance.

From this reading of the present political situation the Pandit declared that Indians had reached a critical moment in their existence. "The history of the Reforms . . . . as it develops

. . . . .will furnish the brightest chapter in the chequered history of this land. The struggle for reform once begun must sooner or later have its appointed end, which is no other than the achievement of the fullest freedom. It remains to be seen whether England will share the credit of the achievement by willingly giving a helping hand, or suffer that the achievement be wrested from her unwilling hands . . . . . . It is for England to choose.''

Following him, Colonel Crawford urged that good-will should take the place of suspicion and hostility in order that India might progress on the road to self-government.

An impressive feature of the debate was a speech by Sir Charles Innes, Member for Commerce. All parties and all members of the Assembly, he urged, had the same objective; they differed only in the methods of attaining it, and in the pace to be observed. He pointed out how British Rule had brought peace to India such as she never had before. They had a right then, he declared, to ask the men who put forward these claims, " What are your credentials and where are your guarantees?'' so that self-government should not prove to be a sham. And Sir Charles predicted that if the British left before their task was done, the consequences would be disastrous to the Indian people.

After a number of hours had been spent in discussing the amendment, Sir Alexander Muddiman rose to reply to the debate. The amendment, he suspected, represented an attempt to bring very different schools of thought within its scope. Still, it apparently showed that all parties in India wanted to advance on the lines of Western democracy. Shortly before Mr. Montagu's death the Home Member had a talk with the joint author of the Reforms, during which Mr. Montagu said " I have brought forward in my reforms a scheme entirely based on Western representative institutions. I am not prepared to say that it will be the wish of India to proceed on those lines but I have at any rate given the opportunity to the people of India to indicate their views in that direction.''

" If,'' said Sir Alexander, " we are asked to proceed on democratic lines by the counting of heads, by the rule of the ballot box, we know where we are.'' It had been said that it was the duty of Government to remove difficulties. That was true, but still, facts must be faced and one of the great difficulties was the backwardness of the electorate. He finally urged the Assembly not to put forward an offer in the terms of an ultimatum. Government had never seen a united amendment on the paper before and to show that they were not going to give a blank answer, he announced that Sir Frederick Whyte had undertaken on behalf of the Government of India an investigation of the relations between local and Central Governments in various parts of the world.

Ultimately, after two days' discussion, the amendment was carried against the Government by 72 votes to 45.

The Resolution had a much smoother passage in the Council of State. Mr. Crerar, in moving it, asked the Council to see the problem in its true perspective not only of dimension, but of time. From the amendments to the resolution on the agenda it was clear that the leaders of all political thought in India had themselves definitely declared that the political progress of India must proceed on and be governed by these principles, but the Council must recognise the vast dimensions of the common enterprise. Durable institutions were of slow growth. He was not suggesting that India must wait for centuries to achieve her goal, but he pointed out that the inception of responsible government in India was not yet six years old.

There were legal and constitutional conditions inherent in the task itself. The first of these was sufficiently recited in the preamble to the Government of India Act, which states the fundamental doctrine of the responsibility of Parliament and that the time and manner of each advance can be determined only by Parliament. All responsible public opinion, however divergent in other matters, was agreed or, at least, was prepared to accept it as the basis of all practical discussion. "We must satisfy Parliament," said Mr. Crerar, "as we must satisfy the tribunal that Parliament is to set up to examine and report on all the claims and all the evidence, we must satisfy Parliament in regard to every step that we propose should be taken. We must use to the full all the resources in our possession, discarding none till its utility has been fully tried and found wanting. Having regard to the vast interests committed to our charge and the disastrous consequences of yielding to a hasty impulse, or rash speculation, we must be patient and prudent and circumspect. We must all work together, for this enterprise is too great to be undertaken by any single authority, or by any party, or by any school of thought working in isolation, or still worse, in antagonism with others. Now this cannot be done without much patience, much mutual forbearance and assistance. The co-operation invited and required by the Secretary of State and the Viceroy is not merely a stipulation made by one party to the negotiation. It is a plain and candid statement of a fundamental condition for the solution of the problem which lies before us both, and without which neither can succeed. I, therefore, invite the Council to consider the resolution in this spirit."

Mr. Crerar next examined the position of those critics who maintain that the Reforms were incapable of working and were so fundamentally defective that no running repairs could ever make them function. "I contend" he said "that such a position is wrong . . . in its premise and doubly wrong in its conclusion. It is wrong in fact because the Act is unquestionably in operation. . . . . . To those who despise adjustments and running repairs, I would suggest that in operating a great and complex machine these may be sufficient requisites for its efficient working. Moreover, they can only prove, or, at any rate, provide practical evidence of their contention by an honest and persevering attempt to work it in accordance with the intention of the designer. If such an attempt is made by the joint efforts of all those for whom it was designed, and if their attempt clearly and definitely fails for causes clearly and definitely to be attributable to the machine then, at least, we shall have some presumptive, some tangible evidence, but not until then."

Mr. Phiroze Sethna then moved an amendment identical with Pandit Motilal Nehru's. Mr. Sethna argued that if one of the majority of the Muddiman Committee had sided with the minority, the tables would have been turned, and he asked if in that event Government would have pressed the acceptance of such a Majority Report. The Indian public and the country, Mr. Sethna thought, did not attach the same importance to the Majority as to Minority Report. He said that Government must have a very curious notion of the intelligence of the Indian Legislature and of their sense of responsibility if they expected it to subscribe to an illiberal and unstatesmanlike Resolution which flagrantly, definitely and defiantly ran counter to the wishes of both the Legislature and the public. "Here is willingness on the part of that National Party," said Mr. Sethna, "which opposed Government at all times, to drop such opposition and to co-operate. And, if Government do not choose to accept it, the blame will lie with Government and not with us. Until our demand is favourably entertained, it will be the bounden duty of the Indian Legislature and the Indian public to persist in such demand because we regard it as our due and which we ought to obtain as soon as possible."

Two other amendments to the Resolution were moved, both of them on the lines of Mr. Sethna's amendment, and speeches in support of them covered much the same ground as his. Sir Alexander Muddiman expressed disappointment at Mr. Sethna's speech. The Minority Report, he said, had made only one recommendation—that a Royal Commission be immediately appointed. This House consisted of practical men to whom he appealed to take a practical view of the situation. He had always held that what was important was not the date of the Royal Commission, but the evidence to be placed before it.

A very outspoken speech was made by Sir Manekji Dadabhoy, a Parsee member of the Council from the Central Provinces, supporting the Government Resolution. In the course of his speech Sir Manekji said, "I yield to none in my patriotism. I have a large stake in the prosperity of this country, and I distinctly state that the policy now adopted of trying to defeat this resolution . . . . . is a shortsighted and doubtful policy."

The European point of view was very ably put by Sir William Currie and Sir Arthur Froom. Sir William said that business men wanted peace and quiet to carry on their work. If politicians could prove that minorities would be protected and business be carried on peacefully, the European commercial community would in no way oppose India's political aspirations. Sir Arthur Froom said that he had no quarrel with the amendments. Europeans were prepared to support any well-thought-out scheme for progressive responsible government in India, but precipitancy in such a matter would only put the clock back. Only Mr. Sethna's amendment got as far as a division, and this was lost by 29 votes to 10. The Resolution eventually was carried in the Council of State by 28 votes to 7.

It is, no doubt, natural that debates such as this should occupy public attention to the exclusion of less exciting and spectacular but far more valuable and constructive work of the Central Legislatures in developing the constitution. In saying this I am thinking of certain Resolutions which were moved during this session dealing with specific and more or less technical points of the constitution. Such a resolution was that moved in the Council of State by Mr. Crerar on September 16th which moved for an amendment of the Indian Legislative Rules and the Standing Orders, so as to provide for Standing Committees to deal with Bills relating to Hindu Law and Mohammadan Law, the proposed composition of the Committees being such as would make them acceptable to members of the communities concerned. Another of these constitutional resolutions deserves more than passing mention because of its general interest, and, for India, its very great significance. This was a resolution moved in the Council of State by Mr. Crerar on the 9th September in the following terms:—

> "That this Council recommends to the Governor General in Council that he do proceed to make the amendments in the Electoral Rules required to give effect to recommendations Nos. (8) and (9) in the Majority Report of the Reforms Enquiry Committees."

Briefly, this Resolution was a recommendation to make certain changes in the Electoral Rules by which women would become entitled to sit in the Legislatures. There was no opposition to this Resolution and the rules have now been amended accordingly. It is therefore possible that future legislatures will number women among their members. The Resolution, which was also passed by the Legislative Assembly, is an interesting commentary on the process of emancipation of Indian women which is proceeding with increasing momentum. The appearance of a lady barrister in an English Court of Law quite recently caused some excitement in England but already an Indian lady barrister has conducted a case in an Indian Court, the lady being the well-known Miss Cornelia Sorabji. In several provinces women now have the vote for the Provincial Legislative Council and female education in India is a subject of constantly increasing importance.

Another important recommendation of the Reforms Enquiry Committee relating to the exemption of Members of all Legislative bodies constituted under the Act from (1) serving as jurors or assessors; and (2) arrest and imprisonment for civil causes during meetings of the Legislatures in question, and for periods of a week before and after such meetings, was implemented by the introduction and passage through both Houses of the Indian Parliament, of a Bill known as the Legislative Members Exemption Bill. The Bill was brought into force with effect from January 1926.

From the first day of the session, questions continued to be asked about the position of the Indians in South Africa. On one occasion, so keen was the interest displayed in this subject, that on a private notice by Mr. Jinnah a series of supplementary questions were put which, with the answers given, occupy nearly seven pages of the printed proceedings. On the 10th of September the whole question was raised in the Council of State in a resolution moved by Sir Devaprasad Sarvadhikary in the following terms:—

> " That this Council recommends to the Governor General in Council that in connection with the recent Anti-Indian Legislation and with the Bill now impending before the South African Parliament, immediate steps should be taken to secure and safeguard the rights of Indians in South Africa."

The Bill referred to was the Areas Reservation and Immigration and Registration (Further Provision) Bill of which the effect will be found stated in the further discussion of the South African question in Chapter IV.

The speeches made during the debate on the Resolution showed the heartfelt interest which Indians of all shades of political opinion took in the conditions of life of their fellows in South Africa. The most important speech was that of Sir Fazl-i-Hussain, temporary Member for Education, who described the policy of the Government of India in this regard. The Government of India, he said, had very rightly adopted the process of continuous representation. There was nothing that Indian publicists could suggest should be done for the benefit of Indians in South Africa which the Government of India was not prepared to do, provided that it was within its competence. " I feel," proceeded Sir Fazl-i-Hussain, " the South African Government will, in course of time, realise on the basis of representations received from us, that its true interests lie not in proceeding with a policy which may for the time being appear economically beneficial, but will look forward to the future and discover that co-operation and contentment of the Indians in South Africa is in the best interest of their own country."

Sir Fazl-i-Hussain further said that he had consulted the Standing Emigration Committee, as well as Sir Devaprasad Sarvadhikary, Pandit Motilal Nehru, and Mr. Jinnah, with whom the whole position had been dispassionately reviewed. They said that they had not the slightest intention of asking the higher authorities to interfere with the autonomy of South Africa, but that they merely wanted to find out what the condition of the Indian people in South Africa was, so that the Government of India should use their good offices in the interest of their subjects in that country, and in the interests of the South African Government, in order to bring about a better understanding of each other's position. He was glad that the resolution was in very wide terms and allowed the fullest possible liberty to the Government of India to take such action as was found necessary in the best interests of Indians. The Government of India had already scrutinised the Bill and submitted a representation to South Africa. They had expressed total disapproval of certain provisions, and would follow this up soon with a detailed representation.

A Resolution of far wider than Indian or, even, Imperial importance was one also moved by Sir Devaprasad Sarvadhikary in September recommending the restriction of the cultivation of opium. The detailed recommendations of the Resolution were: (1) that the area for cultivation of opium be restricted and brought under stricter control, and (2) that the practice of making advances to opium cultivators be discontinued with effect from the next season for making advances, and that this be notified as soon as possible. In moving his Resolution Sir Devaprasad said that the opium policy of the Government ought to be very clearly defined, because a suspicion still existed that the quantity produced in India could be profitably reduced. The subject of the Resolution has a long history behind it, because the Government of India for very many years now has been trying to minimise the evils of the opium trade. A full and very clear exposition of the Government of India's policy with regard to opium was given during this debate by Mr. A. C. McWatters, Secretary in the Finance Department. He said that the Resolution divided itself into three parts, namely, the restriction of the area of cultivation, increased control, and the discontinuance of the system of making advances. As regards the first, Government had had to take into account not only the probable reduction of their export trade, and the progressive reduction of internal consumption, but also the question of their stocks. Seven years ago in the United Provinces, which was practically the only important area in British India where opium was cultivated, the area under cultivation exceeded 200,000 acres. In 1922-23 that area had been reduced to 141,000 acres; in 1923-24 to 134,000 acres; and in the current year to 116,000 acres; and in 1925-26 it had been arranged to cultivate only 74,000 acres. Thus, in seven years the area had been reduced by two-thirds. Moreover out of 37 opium divisions or sub-divisions in the United Provinces, 9 had already been abolished and it was contemplated to close down several more in the near future with the sole object of concentrating the cultivation and bringing it more completely under Government's control. With regard to the small areas in the Punjab, the Local Government was considering the questions of further restrictions and control. As regards the price paid to the cultivator, it had been reduced last year from Rs. 15 to Rs. 13 and further reduction was contemplated. There was another area from which considerable supplies were obtained, namely, the Malwa States, and the Indian Government had carefully reconsidered their engagements with the States concerned and had been able to reduce the amount for which they had contracted from 11,400 maunds in the current year to 6,500 maunds for the next year. So far as consumption in India was concerned, the Central Government had no financial interest in the opium supplied to the provinces and Mr. McWatters took the view that the proper line of action was for them to co-operate as, in fact, they were already doing, with Local Governments in checking harmful use of opium. In the matter of exports, substantial financial sacrifices had been made and the average annual income of the Central Government from opium, which was over 8 crores of rupees in the three years before 1913, had, according to the preliminary actuals of last years fallen to 1 crore and 42 lakhs. Before pushing those sacrifices further, the Indian Government had the right to try to ensure that their efforts were not wasted and that the policy adopted was one which really brought to an end any abuses of opium eating or smoking that might exist and not one which would merely result in Indian opium being replaced by opium from other countries. Government had for some years past adopted a system of allowing export only under the certificate system; they either sold direct to foreign Governments under different agreements or allowed export on certificates granted by those Governments. It would have been quite possible to stop there and say that the importing country was responsible, but the Indian Government had gone further in two instances, namely, in regard to Macao and Persia. They had themselves taken the initiative and stopped export although opium was desired by those countries. " They (the Indian Government) are anxious to show to the world," said Mr. McWatters, " that they are prepared to fulfil their obligations in the spirit and not merely in the letter. Therefore, I have the full authority of Government to tell the House that the Government of India are now prepared to accept some measure of responsibility even for licit exports covered by certificates. That is to say, they are prepared to prohibit or restrict export even where foreign Governments are prepared to furnish a certificate, if there is evidence that the opium is finding its way into the illicit trade." On the question of control Mr. McWatters quoted Miss Eileen de la Motte who had said that " every step relating to the control and output was carefully and systematically regulated and had been brought to the highest pitch of efficiency, a model and example to the rest of the world." After detailing the various stages of control and mentioning how the restrictions had been made more and more stringent, Mr. McWatters said that at Geneva they had recently agreed that they would allow an independent Committee of the League of Nations to visit India as it would visit other signatory countries, after 5 years, in order to examine their system of control and to assure themselves that it was absolutely water-tight. The advances to cultivators had come down from the days of the Mughal Emperors and even prior to 1764 references to them were to be found. The Secretary in the Finance Department claimed that it was especially suitable where there was a crop which required more than the usual amount of preparation of the soil and where there was a single purchaser who required an assured outturn. The system of advances had been resorted to for such crops as opium, sugar and indigo. It ensured Government having a much closer control over the area cultivated and it kept the cultivator out of the hands of the money-lenders. The only result of the abolition of the advances would be that Government would have to offer a higher price and would be paying a portion of the money-lender's profits, which would be a retrograde step. He advised the mover not to press the Resolution. Dr. Dwarkanath Mitter was prepared to support the first part of the Resolution but with the regard to the second he felt some difficulty because the practice had been in existence from very ancient times. Mr. K. C. Roy moved the adjournment of the debate on the Resolution till the next cold weather session. Sir Manekji Dadabhoy said that Mr. McWatters had so graphically and clearly explained the policy of the Government of India and had given such convincing reasons why the advances had been made that he considered the Resolution entirely unnecessary and thought that no useful purpose would be served by adopting the course suggested in Mr. K. C. Roy's amendment. Major Nawab Mohamed Akbar Khan also advised the mover to withdraw his Resolution and do something in the way of starting at anti-opium campaign. Srijut Chandradhar Borooah supported Sir Devaprasad Sarvadhikary's Resolution. Sir Dinshaw Wacha advised the House to rely on the assurance given by the Secretary in the Finance Department that the Government would steadily pursue the above mentioned policy. He objected to the debate being unnecessarily prolonged and hoped that Sir Devaprasad Sarvadhikary would withdraw the Resolution. Sir Devaprasad withdraw the second part of his Resolution but pressed the first to a division. It was, however, lost by 29 votes to 11.

The day after the moving of the Opium Resolution in the Council of State, a similar Resolution recommending the prohibition of the import, manufacture, sale and use of liquor in India was moved in the Legislative Assembly. The arguments brought forward during the debate, both for and against the Resolution, are familiar to all who have studied the question of prohibition in America, and, as in the case of the Opium Debate, a detailed and very frank statement of the Government of India's policy towards prohibition was made by the chief Government spokesman in the debate, Sir Basil Blackett, Member for Finance. He refused to approach the problem for a moment merely, or even mainly, from the point of view of finance, or with any bias in favour of revenue from excise duty. He asked the House to consider that there was absolute unanimity on the main proposition that every effort should be made by the Government of India to combat any abuse of alcoholic liquor, that their policy should be directed to securing that India should remain free from any of those habits of intemperance by the use of alcoholic liquor which had in the past been a noticeable feature in the life of some of the Western countries. Where they were not agreed was as to the ultimate goal, and the Finance Member regretted the impossibility of his accepting anything in the nature of a commitment by the Government to a statement that the ultimate goal of policy should be prohibition. Their policy was one of temperance in the strict sense of the word. It was perfectly true that the receipts, including provincial receipts, from excise and customs on alcoholic liquor had very considerably increased in recent years, but the Finance Member asserted that that was precisely because the policy of the Government had been one of "maximum revenue and minimum consumption." He followed up these arguments with statistics and facts relating to liquor consumption in India over a number of years and said that however much the Assembly might desire to prevent altogether the use of alcohol for other than scientific and medical purposes, a policy of complete prohibition was entirely out of the question in the present circumstances of the country.

Every Magistrate and Police officer in India will bear out this argument of Sir Basil's. In the Madras Presidency for example, a man with a knife and a pot can get as much toddy as he desires, once he comes within reach of a palm-tree, whilst a thorough-going attempt to check distillation entirely in the Sikh districts of the Punjab would require the magnifying to many dimensions of the existing Punjab Police and Excise Departments. The same can be said of other provinces. The Indian Taxation Enquiry Committee's Report makes some very important comments on the cost to India of an attempt to enforce prohibition, and recent American experience of the thorny problem is not without interest to this country. As this chapter is being written (April 1926), two enquiries are being held by the Senate and the House of Representatives respectively, into the working of the Eighteenth Amendment. The District Attorney of New York, in his evidence before the Senate Committee, estimated that it will cost 75,000,000 dollars annually, (over two crores of Rupees) to keep New York alone dry, whilst the head of the Prohibition Enforcement Department stated before the House of Representatives that an army of from

12,000 to 15,000 men is needed to check smuggling across the Canadian and Mexican borders. However, despite the Finance Member's douche of cold common sense and reasoned argument, the Assembly by 30 votes adopted an amendment to the original Resolution recommending total prohibition as the ultimate policy to be adopted by the Government, and, as a first step, the inauguration of a system of local option by which popularly elected bodies should control the number and location of liquor shops.

The unhappy state of the Bombay Cotton Industry was reflected in a number of questions in both the Council of State and the Legislative Assembly, and by a Resolution moved in the latter place by Sir Purshotamdas Thakurdas on September 16th, praying for the suspension of the Cotton Excise Duty. We have seen the dissatisfaction caused among the cotton workers by the results of the deputations of workers and employers to the Viceroy and the Governor of Bombay. By the beginning of September, the state of affairs in the Cotton Industry had become critical and a great strike was clearly impending.

On September 8th, 37 members of the Legislative Assembly issued the following appeal to the Bombay mill-owners:—

> "We, the undersigned members of the Legislative Assembly, having regard to the critical situation which has arisen in Bombay by reason of the reduction of the wages of the mill hands, and in view of the public demonstrations of protest by thousands of workers in Bombay, urge upon the employers to make immediate arrangements for a conference to bring about a satisfactory settlement. We offer our mediation in order to avert disastrous consequences."

Four days later the Millowners' Association in Bombay wired to Pandit Motilal Nehru, who headed the signatories to this appeal, declaring that whilst they had great sympathy for the workmen, the present circumstances of the cotton trade left them with no alternative to the action which they had already taken.

A day or two after the despatch of this telegram, the long apprehended strike broke out and spread very rapidly, about 40,000 men leaving work within a day or two. It was at this juncture that Sir Purshotamdas Thakurdas moved his resolution. He pointed out that during the previous March the Assembly had, by a substantial majority, passed a Resolution asking for the abolition of the duty and had also refused a grant for an excise staff, but the Viceroy had restored the grant. He then went on to detail the recent history of the Bombay cotton industry whose importance to India he emphasised and said that the Government could afford to abolish the Excise Duty. He found support in Sir Darcy Lindsay, the leader of the non-official Europeans in the Assembly, who said that a national industry like the cotton industry required to be protected. A desperate situation he said, required a desperate remedy, even in the middle of the financial year. Let the duty be suspended, he recommended, till April and, in the meantime, let there be an enquiry by the Tariff Board into the whole situation of the industry. A new note was introduced into the discussion by Mr. Joshi, who spoke for the mill-workers, and who roundly declared that the cause of the present mill trouble was not the cotton excise duty, nor Japanese competition, but the huge agency commissions, mismanagement and incompetence of the mill-owners. Sir Basil Blackett explained the attitude of the Government and advised the Assembly to have the debate adjourned. If the Assembly passed this resolution the Government would treat it as a strongly expressed desire of the House for consideration of the question of the abolition of the duty if financial considerations permitted at the time of the next Budget. He suggested an enquiry by the Tariff Board into the circumstances of the cotton trade.

Meanwhile, the strike continued to spread and by the end of September it was reported that 125,000 men were out. By this time, too, thousands of cotton operatives had left Bombay and returned to their villages. Large numbers, however, remained in Bombay and for a time there was grave danger of widespread sabotage and violence. On September the 24th a serious case of rioting occurred at the Dadar station of the Great Indian Peninsular Railway where about two thousand millhands tried to rush the platform and board an outgoing train without tickets. When the railway staff tried to prevent this, some of them were assaulted and stones were thrown at passing trains. Some damage to property was also done. Another unpleasant incident occurred at the Manekji Petit mill the same morning. The mill continued to work normally until September 24th, when about 500 workmen collected in front of it and began to make a hostile demonstration against the workers. The police, however, interfered in time and prevented a riot. But crowds of unemployed millhands now began to move about armed with sticks, and the police found themselves sorely taxed to prevent breaches of the peace. By the end of September, however, the great majority of strikers had left Bombay and only three mills were still working. Meanwhile, the agitation against the cotton excise duty gathered strength and, on October 5th, the Bombay Municipal Corporation appealed to Government to suspend the duty. The Governor of Bombay kept in close touch with the situation as it developed from day to day and held a series of conferences with the parties concerned. By the middle of October signs of improvement in the situation had become apparent.

The last important Resolution which it is necessary to discuss here was one moved in the Legislative Assembly on September 15th by Sir Charles Innes asking the House to agree to the grant of bounties subject to a maximum of Rs. 60 lakhs to the steel industry up to the 31st of March 1927, of which 18½ lakhs were payable before the 31st March 1926. The proposed bounties were less than those recommended by the Tariff Board and Sir Charles Innes, in dealing with the recommendation, pointed out that bounties were a somewhat demoralizing form of assistance and made the Tata Iron and Steel Company, which was the only firm manufacturing steel in India, rely too much upon Government and too little upon its own efforts. He admitted he was treading on delicate ground, but he reminded the House that he had appealed to the Tata Company in May 1924 and again in January 1925 to co-operate with Government and the Legislature. He hoped the Chairman of the Tata Company would bear him out when he said that there had been hitherto no response to that appeal. It was this aspect of the case which was causing the greatest anxiety.

The House must remember, Sir Charles continued, that two-thirds of the capital of this Company was in the form of second preference shares, the interest on which was cumulative. For the past three years about Rs. 50 lakhs arrears of interest had accumulated annually, and there was now a load of debt on this account amounting to over Rs. 1½ crores. The House must send a message to the Tata Iron and Steel Company that it was incumbent on it to tackle the problem of its defective capitalisation and co-operate fully with Government with the object of placing the industry on a sound and healthy basis. The protective legislation had placed a heavy burden upon the country—a burden estimated by the Tariff Board at about 1½ crores of Rupees. In addition, this one Company would, if his proposals were accepted, receive 2,03 lakhs of Rupees by way of bounty during the life time of the Act. There could be no doubt that the Company had received very generous treatment.

After a short dicussion the House passed the Resolution without a division.

It is quite clear from the study of even these few resolutions that the policy and the doings of the Indian Government are subjected to close scrutiny and to a large measure of influence by the Legislature. The immense number of questions asked, particularly in the Legislative Assembly, carry public scrutiny and criticism of official doings into the minutest details of public life. About 1,200 questions were asked in the Legislative Assembly during this session and there were days when the full hour allotted to questions did not suffice to exhaust the list. The subjects of interpellation during the Simla session were not very different from those of former sessions. The increasing association of Indians in the public services, the representation of Muhammadans, Sikhs and minority communities in various Government services, the grievances of individual officers, and the position of Indian students in foreign countries engaged the attention of the Legislature. Questions were also directed towards currency, securities, the protection and development of industries, cinemas, railways, and the air route to England. The position of Indians abroad did not by any means play an unimportant part. The crisis in the cotton mill industry was responsible for some interpellations; and the adoption of a rupee tender for purchases by the Indian Stores Department and purchases by the Army Department continued to elicit inquiries. Super-tax and Income-tax provided other questions. The British Empire Exhibition, in which the Legislature had previously taken an interest, did not escape its attention; and there was no falling off in the interest shown during previous sessions in questions relating to the constitution.

The questions asked from day to day form a running commentary on Indian affairs, and some of them raise the widest and most vital problems of Indian Government. One such was a question asked in the Legislative Assembly on August 25th regarding the amalgamation of the Oriya-speaking tracts. Implicit in this question was no less a problem than that of the future federal system of India. The existing provinces of British India are primarily administrative divisions, and, with the exception of Burma, are not either geographical or ethnic entities. The framers of the 1919 Act recognised that responsible government in India implied some kind and degree of provincial autonomy, and they also recognised that the more homogeneous the population of a province, the more easy and efficient would be its government under the new conditions. Section 52-A of the Government of India Act provided, therefore, that " the Governor General in Council may, after obtaining an expression of opinion from the local Government and the local legislature affected, by notification, with the sanction of His Majesty previously signified by the Secretary of State in Council, constitute a new Governor's province, or place part of a Governor's province under the administration of a Deputy-Governor . . . . . ." The famous partition of Bengal in 1905 was a note-worthy attempt to form two reasonably homogeneous provinces out of one disgeneric province. For some time now there has been a separatist movement in the Berar division of the Central Provinces, the people of Berar claiming that they are so different from the other inhabitants of the Province with which they are amalgamated, that their interests do not receive proper consideration. The main body of the Oriya-speaking people also, who are divided between the Provinces of Madras and Bihar and Orissa, have started an agitation for their union into one administrative division of British India, as, also, have other linguistic entities. But it is obvious that before any action can be taken by the Government of India in the matter of the re-alignment of provincial boundaries and the re-drawing of the administrative map of British India, the whole vast problem of provincial autonomy and India's future federal system will have to be very carefully explored. The minority of the Muddiman Committee in their report touched on this subject, but admitted that it was too vast and complicated to be discussed with the material before them.

A series of very important questions related to the colonization of the Andamans by Moplahs. After the Moplah rebellion of

August 1921 and the appalling crimes to which it gave rise, about 1,100 Moplahs were transported to the Andamans, because it was impossible to accommodate them in the jails in the Madras Presidency. These men are given " self-supporter " tickets as circumstances permit, but the Chief Commissioner of the Andamans has found it necessary to refuse such tickets to men without families to help them. The climate of the Andamans, as remarked by the Jails Committee, is not unlike that of the Malabar Coast, and is, therefore, similar to that to which the Moplahs are accustomed. Permission to import their wives and families has been given to Moplah prisoners quite as much in the interests of these prisoners as in the interests of the settlement, since men to whom small holdings have been given find it difficult to work them without the assistance of their wives and families. The fact is that the Indian Government is anxious to make conditions for these men as easy as possible, and to give them inducements to settle in the Island as free men. Those who at present have small holdings are, in the words of the Chief Commissioner, " living the normal village life " in exclusively Moplah villages free from any possible taint of bad habits and vices alleged to exist in some of the older self-supporter villages of the settlement. The feelings of the Moplahs themselves in the matter may be judged from the fact that numbers of Moplahs prisoners in the Madras jails applied to go to the freer life of the Andamans, taking with them their wives and children.

Hitherto we have been studying the work of the session in the more important resolutions and questions which were moved or asked, but actual legislation now occupies a great part of the Assembly's time—a part which grows greater, session by session. No fewer than 21 Bills were passed into law during the Simla Session of 1925, whilst 12 official and 11 non-official Bills were pending at its close. The legislation accomplished represents much solid work directed towards bringing the Indian Statute Book abreast of the multitudinous requirements of a modern progressive state, but, dealing as it does very largely, with technical improvements of Civil, Criminal, Commercial and Industrial Law, any description of it would be unintelligible which did not go into voluminous detail quite outside the scope of this report. The most important Act passed during the session was the Sikh Gurdwaras (Supplementary) Act, which implemented an Act already passed by the Punjab Legislative Council providing a solution for the long Akali agitation. A slight sketch of the settlement contained in the Act has already been given and here some further details of its progress may be added. As we have seen, the provisions of the Punjab Bill proved immediately acceptable to all save a small number of malcontents of the Sikh community who in no wise represent its general opinion. Shortly after the Act was passed in the Punjab Council, the Shiromani Gurdwara Parbandhak Committee, *i.e.*, the central directing agency of the Akali agitation, publicly accepted the Act in principle. Nevertheless, for some time longer, differences continued between the Punjab Government and this Committee—the grounds of contention, broadly speaking, being two in number. First the Shiromani Gurdwara Parbandhak Committee wanted its name to be retained by the central authority which the Act was to create for the general control of Sikh religious places, and secondly, it stood out for the unconditional release of all prisoners who had been sentenced during the agitation.

The Act was passed by the Punjab Council on the 7th of July. On the 9th His Excellency Sir Malcolm Hailey, Governor of the Punjab, addressed the members of the Punjab Council on the subject of its provisions. Referring to the second ground of contention mentioned above, he said, " Appeals have been made to us to remove the sting and to obliterate the memory of the differences of the last few years, by a general amnesty to all prisoners and by the withdrawal of all pending prosecutions . . . . . . The appeal is powerful. It is one which would carry force even where Government itself is not anxious to work for the better understanding which we hope that the Bill will help to foster. We have considered that appeal anxiously and with every sympathy, nor did it seem right to miss the earliest occasion of acquainting the Punjab Legislature with our decision . . . . . . The Punjab Government is, however, prepared to take at once such steps as it feels to be possible without risk to the maintenance of order or of a recurrence of those troubles which it is our object to compose. . . . . . . But it is best that I read to you the precise terms of our decision. 'The Punjab Government will release (or will withdraw from the prosecution of) any person (other than those persons who have been convicted of or are under trial for crimes of violence or incitement to such crimes) who has been convicted by the Criminal Courts, or is under trial in such courts on charges arising out of the recent agitation in the Sikh community or on charges involving offences against the Criminal Law (Amendment) Act provided that,' *and this is important,* ' such release will be conditional on such persons signing an undertaking that they will obey the provisions of the Law recently enacted securing to the Sikh Community the control and the management of shrines and their endowments, and will not seek by means of force or show of force or by criminal trespass to gain control or possession of any shrine or the property attached to it or its endowments '."

It was quite clear that on such fundamental considerations as those outlined in His Excellency's speech, the Punjab Government could not yield, and it was obvious that behind him was all the really responsible and genuine opinion in the country. There was, of course, much anxiety expressed in the newspapers and on public platforms concerning those Sikhs who had been actuated by genuine religious motives and had gone to prison for committing such offences as criminal trespass in the attempt to take forcible possession of shrines and lands belonging to these shrines. But such men as these had no scruple at all in accepting the terms offered by the Punjab Government and large numbers, accordingly, signed the undertaking required and were immediately released from jail. After some hesitation, about half of the principal leaders of the Akali agitation, some of them important members of the Shiromani Gurdwara Parbandhak Committee, who were under trial in Lahore at the time of the passing of the Gurdwara Act, also gave the undertaking asked for by the Punjab Government and were released. Of those who did not give the undertaking, all save four or five were professed non-co-operators, and in compliance with their creed refused to have any communication with the Government. The Akali agitation may, therefore, be said to be a thing of the past. But, indeed, the satisfaction with the Bill, which was expressed in the Assembly by the representatives of every community and every shade of political opinion in India —satisfaction which was marked by its passage through the Assembly without a division,—made it impossible for the agitation to carry on any longer. The short debate strikes a very pleasant note to the ear of one who has studied the debates of the two preceding sessions. There is no rancour or bitterness, for all who took part in it knew that the Punjab Government, after finding itself in a winning position, had by a wise and generous gesture, done all that it could to take the sting out of the memories of the old conflict.

At the moment of writing (April 1926) a vigorous dispute is proceeding between the Shiromani Gurdwara Parbandhak Committee, headed by S. Mehtab Singh, one of the recently released leaders, and the extremist wing of the Akali movement, the Akali Dal, over the question of the control of the Central Board which is to be set up under the new Act to manage Sikh Religious Properties. This dispute, however, is a purely Sikh domestic affair, and the situation is too fluid to permit any description of it to be given which would be true a month hence.

One Bill which was rejected by the Legislature during this session deserves special mention. It was moved in the Legislative Assembly by Dewan Bahadur T. Rangachariar. The principles which it introduced were that an unlawful assembly should not be dispersed by fire-arms except in the last resort; that if fire-arms were used, the fullest warning should be given; that as soon as the Assembly had been dispersed, a report on the use of fire-arms should be made at once to the nearest Magistrate by the person who had authorised the use of the fire-arms, and that liberty should be given to individuals and their relations to complain and to take action against those who had unlawfully exercised their power in dispersing an assembly. While sympathising with the object of the Bill, the Home Member remarked that it was only under painful necessity that force was used; but, when force was used, it was necessary that it should be used in a prompt and effective manner. The result of the Bill would be that in each case where fire-arms were used it would have to be proved that the conditions laid down in the Bill had been complied with, and it would not be possible in all cases to prove these conditions. The last provision of the Bill would take away a much needed protection, and even in England, sanction in such cases which purported to be given by the Director of Prosecutions was really the sanction of the Executive Government. His Excellency the Commander-in-Chief pointed out that when called upon to aid civil authorities, soldiers were always faced with very unpleasant duties. They were called out in the last resort and the action they took was under the belief that it would not be condemned when it was over. On no two occasions would an officer be faced with exactly the same conditions and His Excellency urged that it was hard to lay down any laws for them. Sir William Birdwood quoted Military Law Instructions to show that under the King's Regulations it was not necessary that a Magistrate's permission should be obtained before fire-arms were used. His Excellency compared the Military Law Instructions with the provisions of the Bill and said that it would result in transferring responsibility from one who knew to one who did not know, that provisions for giving a warning already existed, that it was doubtful if the mover of the Bill had thought out the legitimate conclusions of his provisions and that it would not be right to tie the hands of the man on whom final responsibility lay by rendering him liable to prosecution without sanction. The Bill was taken into consideration and, after certain amendments had been made, it was passed without a division. On the 15th September, Mr. Ramadas Pantulu brought up this Bill before the Council of State. The motion that the Bill be taken into consideration was opposed by Mr. Crerar and His Excellency the Commander-in-Chief on behalf of the Government. Sir Maneckji Dadabhoy declined to be a party to any legislation which would curb the ordinary statutory powers for the maintenance and preservation of law and order. Mr. P. C. Dutt also opposed the motion and said that the House could not do a worse disservice to the country than by passing it. Mr. Ramadas Pantulu's motion was negatived without a division.

The end of this session was also the end of the life of the first Council of State and His Excellency the Viceroy marked the importance of the occasion by personally addressing the House and bidding it farewell. His Excellency reminded those who had followed the fortunes of the Government of India Act, 1919, from the time of its introduction in the House of Commons, that as originally planned the Council of State was intended to be a body in which the Government of India would be assured of a majority, for it was to consist of the Governor General and 56 members, of whom 28 might be official. Had this conception prevailed, it would have enabled His Excellency to take part in the deliberations of the House. But the Joint Committee on the Bill had revised the proposal and "reconstituted" it. As His Royal Highness the Duke of Connaught, in his speech at the inauguration of the Indian Legislature had emphasised, the intention of Parliament was "to create a true senate, a body of elder statesmen endowed with mature knowledge, experience of the world and consequent sobriety of judgment. Its functions will be to exercise a revising but not an overriding influence for caution and moderation, and to review and to adjust the acts of the larger Chamber." As finally constituted the Council consisted of 60 members, of whom 33 were elected, and of the nominated, not more than 20 were to be officials. Of the nominated members, the representative of Berar was for all practical purposes an elected member, and the number of officials had been reduced as low as 17. "I cite these facts for the purpose", said His Excellency, "of showing that as the discussions on the form of the new constitution developed, it was decided that the Government of India should surrender its majority and trust the Council of State, and further that after the constitution of the Council of State was finally settled by Parliament, the Governor General advanced again on the path of trust by refraining from nominating the full number of officials allowed by the Act and nominating non-officials in their places." It had been a source of great gratification to His Excellency and to his Government that this policy of trust had been amply justified and at the same time the nominated non-officials had not, His Excellency observed, sacrificed their opinions to their position.

> "The division lists of this Council" continued His Excellency, "furnished an abiding record that the nominated non-officials have not hesitated to vote against Government at the dictates of their reason or their conscience. On the other hand, they have not shrunk from shouldering the burden of temporary unpopularity which too often is incurred by those who, undisturbed by waves of passion and prejudice, have applied a calm and sober judgment and have voted with Government when they were convinced that the higher interests of the country required it, when they were satisfied that these interests were being faithfully served by Government. The nominated non-official members have, in fact, exercised their functions with the same sense of independence and responsibility as the elected members of the Chamber, and I can therefore, in what I am about to say regarding the work of the Council of State as a whole, deal with all the non-official members of this Council as forming one body of men with firm principles and broad outlook,

> keenly alive to the responsibilities of their position as members of a Second Chamber in which they command an overwhelming majority."

In the measures which had come before the Council His Excellency said it had "shown alike qualities of fearlessness and sobriety." "Whilst you have been loath to interfere with measures which did not involve any vital principles, you have not hesitated to reject measures which in your calm and considered judgment and according to your conscience threatened the foundations of good government and would not truly serve the best interests of India . . . . . You have performed these difficult functions (of a Second Chamber) with a due sense of responsibility and have brought your judgment to bear upon the problems that confronted you with the sole desire to serve your country to the best of your ability." Looking back upon the history of the Indian Legislature during the past four and a half years, His Excellency noticed that there had been a large measure of agreement between the component bodies, a result which was as creditable to the one Chamber as to the other. There had no doubt been differences, often concerning practical measures which were discussed on their merits, and these had usually been found capable of adjustment. It was mainly on questions of finance and of the constitution that the Chambers had found themselves in disagreement. Referring to the resolution on the Reforms Inquiry Committee Report which had been accepted by the Council of State, His Excellency said that it would be duly considered by his Government together with the amendment which had been carried by the Legislative Assembly. "The conclusions of the Indian Legislature," said His Excellency, "must be considered as a whole, attributing due weight to that part which proceeds from the Council of State, and I believe, represents no inconsiderable proportion of the intelligent and stable elements in the country." Concluding his speech His Excellency bade farewell to the Council in the following words:—

> "In times of special difficulty, as times of transition must necessarily be, you have rendered a high service to your country by fulfilling to the best of your judgment the responsible röle assigned to you by the Constitution. You have dealt with the important affairs which

have come before you according to your conscience and in a spirit of good sense and moderation. As I understand your views, you stand for progress and the political advancement of India as rapidly as can be achieved with due regard to the dictates of prudence and wisdom and the special conditions appertaining to India. It is upon these broad-based foundations that you desire to construct the road to advance and to erect the superstructure destined to crown the efforts for the greater contentment and happiness of the Indian people. In the knowledge that you have throughout acted in full accordance with these ideals and have been animated by a lofty sense of duty and a steadfast determination to advance the interests of India, I regretfully bid you farewell and cordially wish you all happiness."

CHAPTER III.

The Autumn Recess.

The foregoing description of the Simla Session shows its work being conducted on the whole in a peaceful atmosphere. Even the discussion on Pandit Motilal Nehru's amendment to the official Resolution on the Muddiman Report had very little of the acerbity which marked the similar discussion during the Delhi Session of 1924, out of which, as we have seen, arose the enquiry undertaken by the Muddiman Committee. Those who were present at both debates could not help contrasting the painfully tense atmosphere of February 1924 with the far friendlier spirit of September 1925. Then, too, during the Simla Session of 1925, there were so many things in which the Government, the Independents and the Swarajists were at one, so many of the Government's measures and so much of their action were so obviously conceived in the best interests of India, her people, and her industries, that not even their hardiest opponents could denounce them. In the first chapter we noticed certain signs of incipient disunity in the Swaraj party. Even inside the party, and still more clearly, outside it, in the electorates, a growing dissatisfaction with its ancient wrecking policy was beginning to show. Therefore, the Swarajists in the Assembly could no longer pursue a policy of opposition to Government for opposition's sake. They were constrained to take some part in the work of the House and throughout the whole session their leader shared the work of the Indian Sandhurst Committee, whilst his followers sat on many of the Committees of the House itself. In fact, by the end of the Simla Session it looked as though the Swarajists, at the next meeting of the Assembly would be occupying the position of an ordinary constitutional opposition. However, between September 17th, 1925, and January 20th, 1926, there occurred certain developments which were to exercise a profound influence on the whole political situation. Most of the importance of the Autumn Recess is to be sought in these developments and, unfortunately, in the still growing strain on Hindu-Muslim relations, which showed itself not so much in overt action or in actual communal rioting—although there were examples of this during these months—as in a steady hardening of communal opinion as expressed in the newspapers and in public meetings of both sides. This feature of the Autumn Recess will be treated first because it is the background against which Indian politics must now be viewed. At the present moment it is generally admitted that Hindu-Muslim antagonism is the most important and the most serious feature in the Indian situation, and, it must be confessed, is the dominant factor in Indian politics.

Very significant features of the Hindu-Muslim rioting, which took place during the months now under review, are its wide distribution and its occurrence, in some cases, in small villages. Calcutta, the United Provinces, the Central Provinces and the Bombay Presidency were all scenes of riots, some of which led to regrettable losses of life. Certain minor and local Hindu festivals, which occurred at the end of August, gave rise to communal trouble in Calcutta, in Berar, in Gujarat in the Bombay Presidency, and in the United Provinces. In some of these places there were actual clashes between the two communities, but elsewhere, notably at Kankinarah—one of the most thickly populated jute mill centres of Calcutta—serious rioting was prevented by the activity of the police. In Gujarat, Hindu-Muslim feeling was running high in these days and was marked by at least one case of temple desecration. The important Hindu festival of Ramlila, at the end of September, gave rise to acute anxiety in many places, and at Aligarh, an important place in the United Provinces, its celebration was marked by one of the worst riots of the year. The riot assumed such dangerous proportions that the police were compelled to fire to restore order, and five persons were killed, either by the police or by rioters. At Lucknow the same festival gave rise at one time to a threatening situation, but the local authorities prevented actual rioting. October saw another serious riot at Sholapur in the Bombay Presidency. There, local Hindus were taking a car with Hindu idols through the city, and when they came near the mosque, a dispute arose between them and certain Muslims, which developed into a riot.

There is no need, however, to continue this unhappy catalogue. The events described are a sufficient index to the growing seriousness of Hindu-Muslim antagonism. The less responsible organs of the press on both sides did nothing to improve the situation.

which, as we shall see later, continued to deteriorate despite the efforts of the more broad-minded leaders of the two communities.

Meanwhile, the stage was being set for a new political scene. About a week after the end of the Simla Session, the General Council of the Swaraj Party met at Patna to discuss its future relations with the Indian National Congress. We have already seen that at the meeting of the General Council of the Swarajist Party at Calcutta, on July 16th, Mr. Gandhi handed over control of the Congress to Pandit Motilal Nehru. The question then arose whether the Swaraj Party was to keep its separate identity or was to be merged in the Congress. At the Patna meeting the Pandit pointed out that although the Swarajists had a majority in the Congress at the moment, they could not be certain that they would be able to keep it. The "No-Changers", *i.e.*, the members of the Congress who still adhered to Mr. Gandhi's policy of absolute boycott of the Reformed Legislatures, were still in existence, but the Pandit declared that the Country was no longer with them. He told the meeting that it was most essential to educate the electorate in Swarajist ideals and to endeavour to have the Swarajists returned to the Council of State at the forthcoming elections.

This, however, proved to be the last occasion on which the Swarajist Party, as constituted in January 1923 by the late Mr. C. R. Das and Pandit Motilal Nehru, was able to pose as a united body. For, early in October, the leader of the Central Provinces Swarajists, Mr. S. B. Tambe accepted the office of Executive Councillor in the Government of his province, an act which, in the event, was to split the Swaraj Party from top to bottom. Pandit Motilal Nehru hastened to condemn Mr. Tambe and a violent controversy at once broke out in the press. But a very significant statement made at Bombay at the outset of the controversy by a leading Swarajist, Dr. B. S. Moonje, showed to the initiated that defections from the Swaraj Party were not going to be confined to Mr. Tambe. Dr. Moonje, whilst declaring that he was not at present in favour of Swarajists' accepting office, nevertheless declared that after the failure of Mr. Gandhi's non-co-operation movement the only policy left was Responsive Co-operation. Of even greater significance was a declaration issued by Mr. M. R. Jayakar, leader of the Swarajists in the Bombay

Legislative Council, a few days after Dr. Moonje's. The difference between Mr. Tambe's acceptance of office and Mr. V. J. Patel's declared Mr. Jayakar, was merely technical, and, he said, the time had arrived for the Swarajists to meet to re-consider their programme and end the present laxity of discipline. If the party's programme was a success then it must be strengthened; if it was not, then, like honourable and patriotic men, Swarajists should accept office. The favourable reception accorded in Bombay to Mr. Patel's election to the Presidentship of the Legislative Assembly marked, in Mr. Jayakar's opinion, a clear change in public feeling.

The next development was the summoning by Pandit Motilal Nehru of a meeting of the Executive of the All-India Swarajist Party at Nagpur, the capital of the Central Provinces, for November 1st, and in the meantime he took pains to explain away the significance of Mr. Tambe's action and Mr. Jayakar's statement. But the tide was clearly rising against him. On the 26th of October, a meeting of the Executive Committee of the Berar Swaraj Party was held for the purpose of condemning Mr. Tambe's acceptance of office. But those who came to the meeting to curse, whilst they did not remain to bless, still passed only a modified condemnation on the offender, and, most important of all, declared that in their opinion the time had come for the Swaraj Party to adopt the policy of Responsive Co-operation. The significance of this Resolution must be emphasised, for it was in the Central Provinces and Berar that the Swarajist candidates who had stood for election as wreckers of the constitution had achieved their greatest success. Immediately after this meeting, it became obvious that an important section of Swarajists in the Deccan were also in favour of a change to the policy of Responsive Co-operation. For a prominent Swarajist, Mr. N. C. Kelkar, wrote to an important newspaper criticising the rigid discipline of the Swarajist Party which gave no play to the aspirations of the different sections of its members. He traced the steady movement of the Swaraj Party away from its original programme of automatic obstruction in the Central Legislature, and asked whether it would not be logical at the present stage to allow the acceptance of office. " There was a time " he said, " When in the Assembly we could make no constructive proposal, say a motion even to refer a bill to a Select Committee. Then came a time when we were allowed to make such motions but not to take a seat on any of the committees. Then came a time when we could accept only elective seats on committees. And then came a time when we could accept nominated seats on committees under a special dispensation of executive authority. Now I grant that all these developments were natural and were symptoms of a definite new policy, that is to say, a policy somewhat different from the policy of hide-bound obstruction."

The Nagpur meeting was held on the appointed date and resulted in the passing of a Resolution strongly condemning the action of Mr. Tambe which was described as a flagrant breach of discipline and treachery to the party, but this had not the slightest effect on the course of events and another important member of the Swaraj Party, Dr. Moonje, more than hinted at his impending resignation when he said that " the present crisis had made him wonder whether he should continue to remain a member of the Swaraj Party."

The scene next shifts to Bombay where Pandit Motilal Nehru hastened after the Nagpur meeting in order to try to crush the revolt led there by Messrs. Jayakar and Kelkar, who, on November 10th, issued the following statement on resigning their membership of the Executive Council of the All-India Swaraj Party:

> " We find that Pandit Motilal is violating the understanding arrived at in Nagpur, by openly preaching a violent crusade against responsive co-operation while insisting on our remaining silent. We wish to exercise our right to reply to his criticisms, which are causing great misunderstanding and prejudice in the public mind. We recognise the desirability of our ceasing to be members of the Swaraj Party Executive Council while we reply to the Pandit's criticisms. We are, therefore, tendering our resignation of our membership of that Council so as not to embarrass our colleagues thereon, and in order to be able to exercise our right of reply to the Pandit with freedom and frankness."

That this rapid series of events had not left Pandit Motilal Nehru entirely unshaken, seems to be shown by a speech which he made to a public meeting in Bombay on November 9th, in which he said that the Swaraj Party stood for its own progress, which included co-operation, non-co-operation, construction and destruction as occasion and national interests demanded. The party considered itself bound, he declared, to sacrifice, if necessary, even non-co-operation to the interests of the country. Changes which were the very essence of life were inevitable in the Swaraj Party which was pre-eminently a party of action. He concluded his speech by an appeal to the public to assemble in large numbers at the Cawnpore Congress, for, he said, the change in the Party's programme which some demanded could be made only by the Congress. Speaking at Amraoti in the Central Provinces five days later, the Pandit made it still clearer that the split in his party had brought him to a point at which he was, at any rate, prepared to consider a change in its policy. He said that he had not conducted a crusade against Responsive Co-operation, but had only tried to show that it was wrong to give any particular name to the policy and programme of a Party which contained elements of even the fullest co-operation in certain matters, while there existed a general spirit of resistance in all other matters. He criticised the action of Messrs. Jayakar and Kelkar and declared them to be guilty of breaches of discipline. Two days later Mr. Jayakar speaking at Bombay, strongly resented the Pandit's "hectoring tone" and quoted passages from the Pandit's own speeches to show that he was, in fact, carrying on propaganda against Responsive Co-operation. However, on the 4th of December, a meeting between the leaders of the Swaraj Party and those favouring Responsive Co-operation was held in Bombay, and there it was agreed that in view of the approaching session of the Indian National Congress at Cawnpore all public controversy on the question of the Swarajist Party's policy should cease until after the Congress had met.

Thus, for a space, all eyes were turned once more on the Indian National Congress. But it was no longer the Congress of pre-reform days. After 1919 the strength of the non-co-operation and Khilafat movements, and Mr. Gandhi's personality, gave it some of the glamour of the old days when it really was representative of those sections of the Indian peoples who took an interest in politics. For, before the 1919 Act, it was the stage on which Indian politicians played their parts and won their reputations. Started during Lord Ripon's viceroyalty, it included for some years representatives, not only of Indian, but of European non-official opinion, and it was a sober body which pressed for reasonable and practicable advance. Gradually, as nationalist feeling in India grew stronger, and as nationalist demands became greater, Congress tended to become representative mainly of the more extremist wing of Indian opinion. Muslims had never taken any leading part in the doings of the Congress, and with the formation of the Muslim League in 1907, with its demands for separate Muslim representation in the Morley-Minto Councils which were then in process of gestation, such interest as they had taken in the Congress perceptibly waned. Thus, when the present constitution came into being, the Indian National Congress was mostly representative of Hindu, and even extreme Hindu opinion, and was not, strictly speaking, an All-India body. And though the Non-co-operation and Khilafat agitations gave it, for a time the character of an All-India body, it had lost this character again by 1924. The formation of the Swaraj Party at the beginning of 1923 and the revival of Muslim enthusiasm for their League which, after a temporary eclipse, had been once more set on its feet by Mr. Jinnah in the middle of 1924, and the constantly growing strength of the Hindu Mahasabha movement, all combined to cause a decline in the popularity and importance of the Congress. The Liberals (or Moderates) the Independents and Non-Brahmins, in fact, all sections representing moderate opinion withdrew from, and are still outside its fold. The annual session held at Belgaum in December 1924, in spite of the fact that its President was Mr. Gandhi, frankly fell flat, and it was clear that by now interest was centred in the legislatures, thus emphasising a truth which all who want to understand the realities of Indian politics, whether politicians, members of the Indian public, or foreign students of Indian affairs, must lay to heart. This is that the central Indian legislature is now the only All-India Body in existence and it is there that the political future of India must be decided. As we shall see, the Indian National Congress at the moment represents nothing more than a small band of irreconcilables, whilst the Muslim League and the Hindu Mahasabha are, as their names insist, purely communal organisations. The fleeting importance of the 1925 session of Congress was, therefore, due to the developments which have just been outlined and not to its having again become the mouthpiece of the aspirations of India.

The Congress met on December the 24th and held its final meeting on December the 28th. The President this year was a lady, Mrs. Sarojini Naidu, a poetess whose lyrics have achieved a deserved popularity. Practically all the delegates to the session were Hindus and there were only three Muslims present whose names were familiar to the general public—The Ali Brothers, and Maulvi Abul Kalam Azad—none of whom now carry the weight in practical Muslim politics which they once did. Only once during the session did the attendance reach 10,000. The leader of the " die-hard " section of the Swaraj Party hoped that the session would result in the surrender of the responsive co-operators, and it may be said at once that these hopes were not realised. Apart altogether from the developments already outlined, the failure of Swarajist candidates at recent elections to the Provincial Councils, and to Municipal and District Boards, was a clear indication of the increasing disruption of the Swaraj Party as originally constituted. Impatience of its sterile programme was growing in the country as more and more of those who had Swaraj as their goal began to realise that not by the road of the Swaraj Party was it to be reached.

The President's speech caused widespread disappointment which was frankly expressed even in the Swarajist newspapers. It was an eloquent and moving appeal for unity, not only in the Swaraj Party, but between Hindus and Muslims, yet it contained no constructive proposal for the achievement of the unity desired. Mrs. Naidu discussed Education and military training. She said that she was appalled at the criminal apathy of their general attitude towards the pressing problem of Indian education and urged the re-creation of their educational ideals:

> " In addition," she continued " I would insist with all the force at my command on including a complete course of military training as an integral part of national education.
>
> Whatever the experiments recommended by the Commissions now sitting to explore the avenues of military advancement for our people, it is incumbent upon the Congress to have " voluntary conscription," of which the nucleus might well be the existing volunteer organizations. Further we should also carefully consider the question of nautical as well as military and aerial train-

> ing to equip the nation for all purposes of defence against invasion or attack."

She said that it was necessary to take immediate steps to form a department for widespread political propaganda and for the education of the masses in all matters pertaining to their civic and social interests and to the wrongs under which they laboured. Turning to the subject of Hindu-Muslim disunity she suggested earnest and patient collaboration between Hindu and Muslim statesmen. She asked why the two communities were fighting for their majorities and minorities, and said that the supreme need of the hour was that they should direct their love and service to the cradle of their people. They must redeem their villages and organise labour in the cities. Lastly, she spoke of the position of the Swaraj Party in Indian politics and the programme to be adopted by it. "To-day" she said:—

> "the Swaraj Party with its highly disciplined organisation and its striking record of success is the only political body within the Congress engaged in actual combat with bureaucratic authority. Is it not in this crucial hour the unmistakeable duty of all the other political parties in the country, irrespective of their particular labels and particular beliefs to return to the Congress, which invites them with open doors, and coalesce all their divided energies and talents in devising a common programme of action in pursuance of a common goal.
>
> And whatever be my own personal convictions, they at all events, are all in favour, at least as an initial form of self-government, of the ideal of Dominion Status, so elaborately expounded in the Commonwealth of India Bill, and more succinctly and emphatically embodied in the National Demand which has been endorsed by the representatives of all political schools in the Legislative Assembly. Below the limits of that demand the Indian nation cannot descend without irretrievable damage to its dignity and self-respect. It is now for the Government to make the responsive gesture that shall decide our future attitude. If the response be sincere and magnanimous, with ample guarantees of good will and good faith on its part, it will necessitate

> an immediate revision of our present policy. But if by the end of the Spring Session we receive no answer or an answer that evades the real issues, or proves unworthy of our acceptance, the National Congress must clearly issue a mandate to all those who come within its sphere to vacate their seats in the Central and Provincial Legislatures and inaugurate from Kailas to Kanyakumari, from the Indus to the Brahamputra an untiring and dynamic campaign to arouse, consolidate, educate and prepare the Indian people for all the progressive and ultimate stages of our united struggle."

The Presidential speech thus left the real question before the Congress to be settled by Pandit Motilal Nehru and his chief antagonists, Pandit Madan Mohan Malaviya and Messsrs. Jayakar and Kelkar. On Sunday, December 27th, the Pundit moved the main resolution of the session outlining the political programme of the party which proposed that, failing a satisfactory response from the Government to the Assembly's resolution of February, 1924, Swarajist members should leave their seats in the Legislatures and not attend meetings except to prevent seats being declared vacant. A special committee of the party would call a meeting of the All-India Congress Committee and frame a programme of work to be carried out by the Congress and Swaraj Party organisations throughout the country, including the education of the electorate regarding elections, mass civil disobedience, etc. Mr. Gandhi entirely abstained from taking part in this resolution and an amendment to it was moved by Pandit Madan Mohan Malaviya, who was supported by Mr. Jayakar. This amendment proposed considerable changes in that moved by Pandit Motilal Nehru. It omitted the part referring to civil disobedience and also amplified the Congress Programme of political work by including the following:—

> " That the work in the Legislatures shall be so carried on as to utilise them to the best possible advantage for the early establishment of full responsible government, co-operation being resorted to when it may be necessary to advance the national cause, and obstruction when that may be necessary for the advancement of the same cause."

In moving this amendment Pandit Madan Mohan Malaviya said that Pandit Motilal's resolution was neither fish nor flesh and he appealed to the Congress to save the honour of the nation by not passing it, for Swarajists would not be able to carry out the programme and would make the Congress the laughing stock of the world. He asked the Congress to place the interest of the nation above personal interest. He knew that the Swaraj Party would not be able to do what Pandit Motilal Nehru's resolution had outlined. As for acceptance of office, that had been decided already by Mr. Patel's and Pandit Motilal Nehru's accepting the Chair of the Assembly and membership of the Sandhurst Committee respectively. The speaker was pleased at their acceptance of office, for he believed that if they could fill places of responsibility with patriotic men whose policy they could control, the cause of the country would be advanced. Continuing, Pandit Malaviya asked why any reference should be made to civil disobedience. Mr. Gandhi, the greatest authority on the subject, had stated that the country was not fit for it. Pandit Malaviya emphasised that no fight was possible without unity. When Mr. Gandhi started his movement Indian opinion had become united on the Rowlatt Bill issue. If they wanted the Government to yield, they should embrace all political parties and establish only one Congress party. Up till 1919 the doors of the Congress were open to all Muslims and big zemindars, and all took part in it. Now, however, the Congress was being handed over to a handful of Swarajists. Muslims and landlords were prominent by their absence. The resolution itself was full of inconsistencies. While they said they had opened the doors of the Congress to all, they had kept it virtually closed, even by their revised franchise. Pandit Malaviya said that the Swaraj Party did not succeed at the last election and declared that it would succeed even less at the next election if the Congress adopted the resolution. It would ruin the interests of the country during the next four years, at the end of which the Royal Commission would be appointed.

Mr. Jayakar seconded Pandit Malaviya's amendment. At the outset he announced that he, Mr. Kelkar, and Dr. Moonje had resigned their seats in the Bombay Council, the Legislative Assembly, and the Central Provinces Council respectively. That step they had to take, because, being members of the Councils on the Swaraj Party ticket they could not at present subscribe to the Swarajist policy, and, moreover, they wanted to educate the country for responsive co-operation. The announcement was received amidst the applause of a section of the Congress. Mr. Jayakar said that there were only two ways open to them: either they believed in the Council programme, or they did not. If they did not believe in entering the Councils, they should leave them and educate the country for such action as the country would be ready for. If, on the other hand, they remained in the Councils, they should, as Pandit Malaviya had rightly observed, take the last juice out of them by occupying every place of power, initiative and responsibility, and give no quarter to the bureaucracy. He agreed that it did mean considerable humiliation that people who went to the Councils to obstruct should have to take offices of power and responsibility. If they wanted to be honest, they should suffer the humiliation of working the Councils. They all admitted that the country was not ready for civil disobedience. What was the use, then, of a pious declaration that civil disobedience was the only effective weapon?

Pandit Motilal Nehru's reply to these two attacks on his policy did less than justice to his powers as an orator and a debater. He said that Pandit Madan Mohan Malaviya had accused the Swarajists of "loud talking but of doing nothing." Pandit Motilal, on the other hand, declared that the Swarajists had fully carried out their pledge. They had declared in favour of uniform obstruction only if returned in a majority; otherwise they could not obstruct successfully. As for his seat on the Skeen Committee, the Assembly had asked for an Indian Sandhurst and the Government had said "Show us the way." What they wanted was negotiation to show the Government the way to meet their demands, and if, in the same way, the Government asked them to show the way to reforms they would certainly co-operate.

The Congress session, therefore, left things as they were before, and a number of the delegates had shown clearly that they favoured the programme of Responsive Co-operation. As for the Responsive Co-operators, the net result had been to strengthen their determination, and before they left Cawnpore, their three leaders—Messrs. Jayakar, Kelkar and Dr. Moonje—gave the following statement to the press over their signatures:—

"We feel that the resolution of the General Council of the Swarajya Party which was passed on the 25th December

> at Cawnpore laying down certain principles, and the course of action to be followed by members of the Swarajya Party, is unacceptable to us on various grounds which it is unnecessary to mention in this statement. We further feel that, consistently with our views, we are unable to act in accordance with the same. We therefore propose to carry on propaganda against that resolution and on the lines of responsive co-operation, and in order to obtain complete freedom of action for that purpose and the widest basis for our operations, we are tendering our resignations of our seats in the Legislatures which we competed for on the Swarajist ticket. Though it may not be strictly necessary to do so for the purpose of our intended propaganda, we wish to set ourselves totally free from all situations which are likely to be regarded by our electors even in the remotest manner, in the light of commitments. We take this opportunity of thanking our electors for their support and confidence throughout the period we occupied our seats in the Legislatures."

We have seen that Mr. Gandhi took no part in these proceedings, thus signifying his complete withdrawal from an active share in politics. Immediately after leaving Cawnpore, Mr. Jayakar called a conference at Poona for the 16th and 17th of January of all the members of the Legislative Councils of Bombay and the Central Provinces and Berar who agreed with his views, to draw up a programme of future activities and to decide whether Responsive Co-operators should stand for re-election in the Legislatures.

On December 31st, again, a meeting of leading Indian politicians was held at Calcutta to further the cause of Responsive Co-operation. Among those present were such well known men as Mr. Bipin Chandra Pal, Sir Tej Bahadur Sapru, Sir M. Joshi and Mr. Chintamani. At this meeting it was shown that the lines which divided the Swarajist Responsive Co-operators from the Independents and the Moderates had now become blurred, and we shall see later the results which followed the recognition of this fact. The last scene of this act of the political drama which took place before the opening of the Legislative Assembly on

January the 20th, was the decision of the Bombay Council of the Swaraj Party to extend its full support to the Responsive Cooperators in their propaganda.

The foregoing discussion has shown that the session of the Indian National Congress was, to all intents and purposes, a Hindu meeting. Two days after its close, began the annual session of the Muslim League, which, naturally, reviewed the Indian political situation from the Muslim point of view. The Presidential address was delivered by Sir Abdur Rahim and its frankly communal character caused great excitement all over India and aroused considerable interest elsewhere. Among those present were Mian Sir Mohamed Shafi, Sir Ali Imam, Mr. Jinnah, Mr. Mahomed Ali, Mr. Shaukat Ali, Seth Yakub Hasan (Madras), Dr. Kitchlu, Mr. Hasrat Mohani, Mr. Asafali, Mr. Ali Nabi, and Dr. Abdur Rahim and Mr. Sorabji Rustamji, of the South African delegation which came over at the end of the year to represent the cause of Indians in South Africa to their compatriots at home and to the Indian Government.

Mr. Jinnah, in inviting Sir Abdur Rahim to take the chair, said he had no doubt that under the able guidance of Sir Abdur and by the co-operation of all those assembled, the League would achieve results which would benefit not only the Moslem community, but India as a whole. They desired unity in India between the different communities, and the first step towards this desideratum was to bring about unity among themselves.

Sir Abdur Rahim, replying, emphasised the part played by the Muslim League in the cause of Political Reform. He said that the League was now more necessary to Muslims than ever because of Hindu attacks on their community. Hindu-Muslim relations he believed to be in a worse condition than at any previous time. Hindus had by their provocative and aggressive conduct, made it clearer than ever that Muslims could not entrust their fate to them and must adopt every possible measure of self-defence. Some Hindu leaders had even spoken of driving Muslims out of India as the Spaniards had expelled the Moors. He also pointed out that Hindus could never establish self-Government without Muslim help and that before the Swaraj Party could claim to be a democratic party it would have to free itself from the influence of capitalists and monopolists. Indian Muslims had been accused of lack of patriotism because they were interested in the fate of their co-religionists abroad, but, Sir Abdur asserted, some Hindus were actively engaged in conspiracies with foreign societies which had as their object to cause trouble in India. He showed that no Mohammedans had joined the Indian revolutionaries; he condemned non-co-operation and asserted that the services of Englishmen were necessary for the welfare of India. He freely acknowledged the help which he had received from Englishmen in his different public capacities and could not recall one occasion when the united opinion of the Indian members of the Bengal Executive Council had been disregarded. He insisted that Muslims would never accept the idea of a common general electorate nor would he consent to a suggested compromise that certain seats should be earmarked for Muslims to be returned by mixed electorates. Such an arrangement, he believed, would put the men returned entirely under Hindu influence.

Following Sir Abdur Rahim's speech various resolutions were put to the session of the League, the most important being a very long one moved by Sir Ali Imam which, in effect, asked for the speedy appointment of a Royal Commission to undertake the revision of the Government of India Act of 1919, whilst guaranteeing certain fundamental principles such as the protection of minorities, the continuance of the system of communal electorates, the preservation of the Muslim majority in the Punjab, Bengal, and the North-West Frontier Province in case any territorial re-distributions were made, and lastly that no Bill or Resolution should be passed in any legislature or elected body, dealing with religious worship, education, etc., if three-fourths of the members of the community affected voted against it. Mr. Mohamed Ali moved an amendment to this resolution asking for the Round Table Conference demanded in the Resolution passed by the Legislative Assembly in February 1924, but this amendment was ruled out of order by the President. Mr. Jinnah supported Sir Ali Imam's resolution and asked the meeting to concentrate on realities and facts. Another resolution passed was one supporting the Indian settlers of South Africa in their opposition to the legislation of which mention has already been made. Lastly, a delegate from Peshawar, Mr. Abdul Aziz, moved a resolution, which was carried, urging the Government to give effect to the Majority Report of the Frontier Enquiry Committee of 1922. This report proposed certain changes in the administrative and legal machinery including the cautious application of the Reformed Constitution to the Province, the strengthening of the judiciary and the application of the elective principle to local institutions. The importance of the question raised by this resolution will be seen when we study the work of the Central Legislature during the Delhi Session of 1926. The whole text both of Sir Abdur Rahim's speech and of the formal resolutions was that no further constitutional progress was possible in India unless accompanied by the most stringent safeguards for the Muslim community.

It cannot be denied that the proceedings of this session of the Muslim League clearly showed the existence of basic differences between influential Muslim opinion and that of leading Hindus as revealed in the meetings of the Hindu Mahasabha, and as expressed by the leaders of the Congress Party. It was, in effect, a clear call to Muslims to look to their own communal interests and its immediate result was, unfortunately, to intensify the existing communal tension. In the newspapers a bitter controversy started and its echoes can still be heard.

December is the month par excellence for the meeting of delegates in conferences representing various interests, from the Congress and Muslim League, to conferences of "Political Sufferers," Indian Christians, "Untouchables" and the like. Here I will mention only the meeting of the National Liberal Federation and the Annual Dinner of the European Association in Calcutta, for the speeches made on these occasions have important bearings on the political situation. The meeting of the National Liberal Federation was chiefly concerned with finding some means of uniting the different political parties and of improving its own organisation for political work. Its attitude towards the unity of parties is summed up in the following extract from the speech of the President of the Liberal Federation—Sir Moropant Joshi:—

> "In briefly noticing the vicissitudes of the several political parties, my object is not to apportion praise or blame among them, however unfortunate and deplorable their methods might happen to be. The Liberals realise that all are working for a common objective. Circumstances which drive persons like Mahatma Gandhi

> and Messrs. Das and Nehru into a mentality that spurns co-operation and advises obstruction are certainly unfortunate and deplorable, and the Government responsible for them must reconsider its attitude. From our national point of view, the union of all political parties is extremely desirable at this juncture. It is quite conceivable that the Liberals, Independents, Conventionists and Responsive Co-operators would not find it difficult to have a common platform and the efforts that are being made in this direction will, I hope, prove fruitful . . . . . . A great deal of the energy which is now wasted in mutual recrimination and individual abuse is urgently required for the more beneficent purposes of common effort and common achievement. This must be realised by all, and it should not be impossible for all parties to unite by means of give and take . . . . . If the Congress at the present stage will declare that civil disobedience and the threat of non-payment of taxes are no part of its policy, the way for all parties joining on the Congress platform will be easier. The Congress can then concentrate its attention on intensive political propaganda with a resulting pressure on Government. If this is impossible for any reason, a combination of constitutionalists against those who are for direct action ought to be quite within the bounds of practical politics."

It will be seen at once that there is now no essential difference between the aims of the Indian Liberals (or Moderates) and those of the Independents and the Responsivist Wing of the Swaraj Party, nor, apparently, is there any very wide divergence between their political tactics. At any rate, as we shall see, influential leaders of all these parties believe that the time has at last come to attempt to form a grand national party by the union of Moderates, Independents and Responsive Co-operators.

At the Annual Dinner of the European Association held on **December 15th,** Sir Hubert Carr presided, and amongst the distinguished guests were the Viceroy, Lord and Lady Lytton, Lord Meston, Mr. S. R. Das, Law Member of the Viceroy's Executive Council, and Sir B. N. Mitra, Member for Industries. Sir Hubert

Carr's speech gave another proof of the interest which the leaders of the European non-officials in India are taking in Indian politics and of their determination to co-operate with all that is best and most helpful in the forces working for Indian political progress, and it gave emphatic expression to the undeniable truth that the good of India could not be found in the good of one or two of the many sections of its population but must be a common good striven for whole-heartedly by the united efforts of all. Sir Hubert's speech thus formed a sort of epilogue to that of the President of the Liberal Federation, and showed that whatever attitude the European representatives in the Legislatures might adopt as regards their adherence to or independence of any particular political grouping inside the legislative bodies, they, no less than others, were prepared to work for the safe, healthy, and reasonable political progress of India. In this regard it might be as well to mention that European non-officials, quite apart from their present activities, have played a very notable part in Indian political development. The Indian National Congress itself owes its existence very largely to them, and they have always been in the forefront of the movement for sane and orderly progress in India. The development of India in industries, banking and commerce has hitherto been mostly their work, and they, not less than their Indian colleagues, have a stake in the welfare and good order of India. The European non-officials in India are, in fact, one of India's communities with interests parallel to those of her other communities.

Those who were looking ahead, said Sir Hubert, both Englishmen and Indians, recognised that the safety and success of their interests went hand-in-hand with the security and contentment of the counrty, and it was becoming increasingly clear that the aims and policy of the European Association were very far from being in any way antagonistic to the interests of India. They were gaining support and he was glad to report that the Association was strengthening its position generally, and the work of extension, especially in Bombay and Southern India, was showing very promising progress. He deprecated the system by which, in both fiscal and industrial matters, race was being regarded as an essential qualification for rights and privileges that should be common to all. This was a condition to which the European community could never agree.

Unless, however, they were alive to the drift of this policy they would find themselves without the civic freedom enjoyed by those born in the country, a freedom which the British had earned by services rendered. It seemed to him that the co-operation required by the Government of India Act was very easy to conform to. It merely demanded that all parties, Indian and British, should practice collectively the good will which existed so widely amongst individuals. Such co-operation was not a racial matter, nor did it demand that they should all be on the same side in the field of politics. The Government of India had never so interpreted the demand. He finished by paying an eloquent tribute to the benefit which India had experienced from Lord Reading's Viceroyalty.

His Excellency, in reply to the speech, took up Sir Hubert's main point. " I observe, Sir Hubert ", he said, " that both you and I to-night have made frequent use of the term co-operation, and, as you rightly observe, it is used in different senses at different times, according to the fancy of the speaker. It is obvious, however, that you and I use the term in the same sense, for your definition of the word, though it may not be entirely comprehensive, is an interpretation to which I can heartily subscribe. Co-operation does not entail continuous support of the policy of the Government, but it does involve good-will towards the working of the constitution. Many Indians, including some of the most richly endowed with talent and perspicuity have been steadfastly working for the same purpose. With them, on questions of first importance to India, you have usually found yourselves in agreement, and though at times you may differ sharply over individual measures, yet on the great issue of working the constitution in the interests of the peaceful progress and the walfare of India's people, you are one. On occasions you find it necessary to criticise the actions of Government and sometimes to differ from its conclusions. There is no question of your right and duty to press and sustain the convictions of your judgment and your conscience, but in the task of conducting the peaceful administration of the country and preserving law and order, I and my Government have never looked for your support in vain." Fortunately the best and the most far-seeing leaders of Indian opinion now realise the value to India of the European non-official community with its many able members whose prosperity is bound up with that of the country of their adoption, and in the cordial relations which exis between the European members of the legislatures and their Indian colleagues, among whom ties of personal friendship exist, may, perhaps, be seen the germs of fruitful developments in the future.

Meanwhile the position of the Anglo-Indian community which, as we have seen, stands midway between the Europeans and Indians, continued to be a subject of interest. It will be remembered that the Anglo-Indians at the beginning of the summer decided to send a deputation to England to state their present disabilities and press certain claims. In the middle of August a deputation headed by Lieutenant-Colonel Gidney, waited on the Earl of Birkenhead at the India Office and submitted a memorandum to him. The memorandum drew attention to the anomalous position of the community as being " both of the East and the West." For social purposes they were known as Anglo-Indians, for occupational purposes, they were designated " statutory natives of India " while for defence purposes, they were called " European British subjects." They asked for a clear and decided definition of their status, since upon this their future policy must in part depend. For generations past, Lord Birkenhead was told, the community had been " the mainstay and backbone " of the railways in India. Nearly one-half of the whole community were either employed by, or directly dependent on, the railways. While not demanding or expecting a monopoly of appointments, they urged that they should have a communal preference—a prescriptive right to at least their present proportion of appointments.

An important section of the " case " presented by the deputation was devoted to the position of Anglo-Indians under the Code of Criminal Procedure as amended by the recent Racial Distinctions Act. The deputation emphatically stated that it was not with any feelings of distrust towards their Indian brethren that they claimed a communal jury; their only desire was to have equal treatment with the Indian and the European. Lord Birkenhead's attention was directed to the acute unemployment among Anglo-Indians which was almost unknown before the Reforms. While recognising that economic upheaval must be one of the aftermaths of war, the deputation were convinced that this unemployment was largely due to the operation of the Reforms and the process of Indianisation. The suggestions they made included:—

The formation of an Anglo-Indian regiment to be recruited from suitable Anglo-Indian schools.

The grant of land to demobilized *ex*-service members of the community.

The encouragement of agriculture in every possible form.

The foundation of industrial homes and schools for the training of Anglo-Indians for vocations.

The fulfilment of assurances of preferential treatment for those members of the community who volunteered for active service in the Great War.

The demand was also made that in any future scheme for the creation of an Indian navy, Anglo-Indian lads should be eligible for service, and the Admiralty should be encouraged to enlist them. Further, it was suggested that Dominion and Colonial Governments be approached with the request to accept as citizens all Anglo-Indians who can prove their British origin on the paternal side, irrespective of colour. Lord Birkenhead gave a sympathetic reply.

Later, at the beginning of December, the deputation gave a luncheon to Earl Winterton and some members of the House of Commons. In the speech at the luncheon, Colonel Gidney paid a tribute to the services of the London friends of the Anglo-Indian cause, and laid stress on the readiness of the community to work for the Empire and India in whatever capacity they might be called upon to assist in their progress, and to resist revolution. He asked from Englishmen the recognition they rightfully claimed, and from Indians appreciation of their sentiments in helping them to obtain dominion status. Earl Winterton paid tribute to the great and loyal service the community had rendered to the State, not merely in the War, but also in flood and famine. Anglo-Indians had proved their worth in the Railways and Telegraphs and in commerce and industry. Earl Winterton commended the appeal of the European Schools in India to British support, and welcomed the formation of an Anglo-Indian Association in London, as Anglo-Indians were a valuable element in the British Empire. Later still, on December 19th, Colonel Gidney had an interview with Lord Irwin with whom he discussed matters relating to Anglo-Indians.

The Deputation returned to India at the end of 1925 and Colonel Gidney continued his vigorous propaganda on behalf of his community. Briefly, he is working first to secure one closely united All-India Anglo-Indian Association, and secondly, he is impressing on Anglo-Indians the necessity for regarding themselves as an Indian community with exactly the same rights, status and privileges as any other Indian community.

This discussion of political developments during the Autumn Recess would not be complete without a mention of the elections to the Council of State which, it will be remembered, completed its first term of existence in September. The elections, of course, did not cause anything like the same excitement as elections for the Legislative Assembly, but they were given more than a spice of interest by the avowed determination of the die-hard Swarajists to capture as many seats as possible in the Council. In the event, while they scored one or two unexpected successes, they were only able to return 9 members out of a total of 33 elected members.

The long drawn-out Cotton strike in Bombay came to an end at the beginning of December. On December 1st "The Gazette of India Extraordinary" published an ordinance suspending the levy and collection of the Cotton Excise Duty. The ordinance further stated that unless the financial position, as disclosed in the Budget Estimates for the next year, substantially failed to confirm the present anticipations, proposals for the complete abolition of the duty would be placed before the Legislature at the time of the Budget Debate. On receipt of this news, a special meeting of the Committee of the Bombay Mill-owners' Association was held when it was decided that wages should be restored to their old level as from December 1st. With this decision the strike virtually ended.

Mention has already been made of the inchoate state of the trade union movement in India. It must not be supposed, however, that Indian labour lacks protection. It has its spokesmen in the different legislatures, and much has been done by legislation and other means, particularly within the last few years, to ameliorate labour conditions in this country. Its representatives take part, as we have seen, in the International Labour Conference, and India was again represented in the conference to be held at Geneva during the summer of 1926. Few, if any, countries have done so much to comply with the provisions of the Conventions and Recommendations adopted at International Labour Conferences. Indeed in some quarters in India the opinion is held that the Indian Government has proceeded in this matter at too great a pace. For example, at a meeting between Sir B. N. Mitra, Member of the Governor General's Executive Council, and the Ahmedabad Mill-owners' Association in April 1926, the President of the Association said that though the Government of India had in recent years passed a number of measures intended for the benefit of the working classes, there were obvious limits to the pace at which they should proceed in such legislation. Conditions in India differed so widely from those in Western countries that legislation in advance of the times was likely to do more harm than good. For this reason his association did not approve of the policy adopted by the Government of India in giving effect to the various decisions of the International Labour Conference.

Sir B. N. Mitra in his reply gave a full and complete explanation of the position of the Government of India.

> " I notice " he said, " that you are somewhat apprehensive in regard to the pace at which the Government of India are proceeding in the matter of Labour legislation in India, and you take the view that all legislation in advance of the times is likely to do more harm than good. In my opinion the Central Government have so far undertaken no legislation in advance of the times. In the absence of specific instances, it is difficult for me to make out how far your remarks apply to any enactments passed in the last three or four years."

Continuing, Sir Bhupendranath said that it was not a fact that the Government of India had so far taken indiscriminate action on the conventions and recommendations of the International Labour Conference. It was only when they were satisfied that the conditions in the country made legislation in a particular direction desirable that they had taken action on them. They had hitherto proposed to take legislative action on only one out of the four conventions adopted at Geneva last year. In regard to two others, relating to Workmen's Compensation for accidents and night work in Bakeries, they had definitely decided not to take any action at present. The Indian Workmen's Compensation Act came into force about two years ago, and until they had fuller experience of the working of that Act they did not propose to take any further action on the subject.

Sir B. N. Mitra's meeting with the Ahmedabad Mill-owners is an interesting example of the way in which the members of the Viceroy's Executive Council, that is the Indian Cabinet, now-a-days maintain touch between the Indian Government and the Indian financial, commercial, industrial and other interests. During the recesses the members of the Executive Council tour between the most important places in India and hold conferences and meetings with representatives of the different interests included in their portfolios. The alleged aloofness and inaccessibility of the Indian Government, whatever may have been the case in the past, now no longer exist, and members of the Indian Cabinet are regularly in direct touch with the public and public opinion in India.

In previous remarks about the International Labour Conference we have seen India in one aspect of her international status. She is, of course, an active member of the League of Nations and is always strongly represented at the sessions of the League where her representatives have striven with great success to establish friendly relations with representatives of the many counties which are brought into contact with India in trade or otherwise. The interim report of the Indian delegation of the 6th session of the Assembly of the League of Nations in 1925 was issued at Delhi on December 8th. The Report which was signed by Lord Willingdon, the Maharaja of Patiala and Sir A. C. Chatterji, gave much attention to this question of relations with foreign delegates and concluded by saying:—" In the course of the debates we tried to turn the general activities of the League into ways of benefit to India. Our observations on health organisation, the proposed International Relief Union, the work of the League is social matters and our suggestion that a Bureau of Information should be established in India, are instances of this endeavour. It remains for us to add that we ourselves have derived the utmost benefit from our intercourse with many prominent statesmen and experienced administrators who represent their countries on this Assembly. Our relations with them in conference and in social intercourse have been most cordial."

So the interval between the end of the Simla Session of the Legislature and its meeting on the 20th of January 1926 in Delhi saw a stir in Indian life in several directions. We have seen that the main interest of these months lies in the developments in Indian politics which have been briefly outlined. The session of the Legislature which we are now about to study thus promised to be of surpassing interest. We have witnessed the Swaraj Party gradually approaching the point of helping to work the Reformed Constitution, and we have seen how some of its most active and influential members desired to acknowledge explicitly that the party was prepared to take its part in Parliamentary politics in India. Also we have seen the extreme section of the party headed by the Party Leader, Pandit Motilal Nehru, resisting this movement towards Responsive Co-operation, and binding itself, by the Cawnpore Resolution, to abandon the legislatures altogether, unless demands were met by the Government of India, which, it must have known, could not be met. Thus the session opened in circumstances of quite extraordinary interest. Would Pandit Motilal Nehru obey the Cawnpore Resolution? If he did, would the members of his party in the Legislative Assembly, in the Council of State, and in the Provincial Legislatures follow him? These were the questions which were being asked when the Central Legislature opened at Delhi on January 20th, 1926.

CHAPTER IV.

The Delhi Session—1926.

The Delhi session is, of course, by far the more important of the two sessions of the Legislature. It is longer than the other and it includes discussion of the annual Budget and Finance Bill, and the consequent review of the whole policy of the Government. We have already seen how previous events had invested the coming session with high anticipatory interest, which is considerably heightened by its actual business. This includes a series of most important resolutions, such as that relating to the extension of the Reforms to the North-West Frontier Province, a second on the release of "Political" prisoners, another on the Burma Expulsion of Offenders' Act, another proposing to raise very substantially the pay of the two members, with Indian experience, of the Judicial Committee of the Privy Council, and two others on unemployment in the middle classes in India and beggary and vagrancy. The Legislative business included Bills relating to the repeal of Bengal Regulation III of 1818 which re-inforces the ordinary Criminal Law in dealing with certain types of revolutionary crimes, Trades Unions, Factories, weekly payments of wages, an amendment to one of the security sections of the Criminal Procedure Code, amendment of the Income-Tax Act, Contempt of Court, and the like. During the session a warning was issued by the Chair to a leading Anglo-Indian newspaper, and, finally, in the middle of the session a motion for adjournment was moved on a subject which excited the widest interest all over India. The business of the session, in fact, made it one of the most important so far held.

The session was opened by Lord Reading on January the 20th. His inaugural speech was of far more than ordinary interest, for, in addition to a survey of Indian internal affairs, it contained an announcement of the highest interest, namely, the decision of His Majesty's Government to appoint a Royal Commission on Indian Agriculture, and also a discussion of the burning question of Indians in South Africa.

Regarding the Agricultural Commission, His Excellency, after reviewing the reasons which led to its formation and the negotiations between the Government of India and the Secretary of State on the one hand, and the Provincial Governments on the other, stated its terms of reference which were:—

"Generally—

to examine and report on the present conditions of agriculture and rural economy in British India and to make recommendations for the improvement of agriculture and the promotion of the welfare and prosperity of the rural population;

and in particular, to investigate—

(*a*) the measures now being taken for the promotion of agriculture and veterinary research, experiment, demonstration and education, for the compilation of agricultural statistics, for the introduction of new or better crops and for improvement in agricultural practice, dairy farming and the breeding of stock;

(*b*) the existing methods of transport and marketing of agricultural produce and stock;

(*c*) the method by which agricultural operations are financed and credit afforded to agriculturists;

(*d*) the main factors affecting rural prosperity and the welfare of the agricultural population and to make recommendations.

It will not be within the scope of the Commission's duties to examine the existing system of land-ownership and tenancy, or of the assessment of land-revenue and irrigation charges, or the existing division of functions between the Government of India and the Local Governments. But the Commission shall be at liberty to suggest means whereby the activities of the Government of India may best be co-ordinated and to indicate directions in which the Government of India may usefully supplement the activities of Local Governments."

The Personnel of the Commission was announced on April 1st, 1926 and was as follows:—

Marquis of Linlithgow, D.L. . . .	Chairman.
Mr. Hubert Calvert, M.L.A., Registrar of Co-operative Societies, Punjab,	Members.
Prof. Nogendranath Ganguli, Professor of Agriculture and Rural Economy, Calcutta University,	
Mr. Lodhi Karim Hyder, M.L.A., Professor of Economics, Aligarh University,	
Mr. Balkrishna Sitaram Kamat, Member of the Bombay Agricultural Board,	
H. E. Sir Henry Staveley Lawrence, Acting Governor of Bombay,	
Sir James MacKenna, late Development Commissioner, Burma,	
Sir Thomas Middleton, Commissioner under the Development and Road Improvement Funding Act,	
Raja Sri Krishna Chandra Gajapati Narayana Deo Garu, Raja of Parlakimedi, Zamindar, Madras Presidency,	
Rai Bahadur Sir Ganga Ram, late of the Public Works Department,	

The Commission is a very happy blend of experience and theoretic knowledge, and every member of it has something unique to contribute to its labours. Its sittings will begin in the cold weather of 1926-27 and it is not open to doubt that they will result in very high benefit, not only to the present generation of Indian agriculturists, but to future generations also. His Excellency Lord Irwin, as is well known, is a lifelong student of agricultural problems, and his knowledge and English Cabinet experience will powerfully assist even such a strong Commission as that selected.

The sequence of events in South Africa has been traced up to the rejection of the Mines and Works Act by the Senate in June, and the following details carry it down to the end of April 1926. In July 1925, further Anti-Asiatic legislation in the form of the Areas Reservation and Immigration and Registration (Further Provision) Bill was introduced into the Union Parliament. The provisions of this Bill would have prevented the acquisition of land by Asiatics save in certain specified areas. In August 1925, on receipt of the news that the Provincial Government of Natal had published a draft Ordinance to amend and consolidate the law relating to townships the Government of India made representations to the Union Government. The Ordinance would have had the effect of disenfranchising Indians already on the electoral roll of townships. The Government of India were informed that the draft Ordinance was standing over until next year and that when it was taken up again, steps would be taken to ensure that the franchise rights of Indians at present on the voters roll of township were adequately safeguarded. Further, in September 1925, assent was given to the Transvaal General Dealers (Control) Ordinance which is intended to regulate, control, and restrict the granting of licenses to Asiatics in future. In this Ordinance provision has been made in the case of a refusal of a local authority or rural licenses Board to approve the issue of a renewal of an existing license, for an appeal to the Supreme Court of South Africa.

The anxiety with which the Indian Government regarded this series of events can be easily understood. They felt that any further delay in formulating a comprehensive and mutually satisfactory Indian policy in South Africa ought, if possible, to be avoided, and therefore, early in 1925, they suggested as a preliminary step the summoning of a conference between their representatives and representatives of the Union Government. But the latter found some difficulty in agreeing to this and preferred to bring forward their own proposals for dealing with the Indian question in the form of the Areas Reservation Bill mentioned above. They agreed, however, that India should send a deputation to South Africa to enquire into the general position of Indians resident there and to ascertain their wishes and requirements. The deputation, which was headed by an experienced Civil Servant, Mr. G. F. Paddison, left India in November 1925 and its first report reached India in the following January. This report encouraged the Government of India to renew their suggestion for a Round Table Conference, or alternatively, for a fresh enquiry before the proposed legislation was carried further. The Union Government was unable to accept either of these suggestions but offered to refer the Areas Reservation Bill to a Select Committee before the second reading instead of after it. The Government of India accepted this offer and their deputation, consequently, appeared before the Select Committee in March and presented the Indian case against the Bill on broad grounds of principle. At this point, the Indian Government found it advisable to renew their request for a Round Table Conference, since the speech in which the Union Minister of the Interior moved that the Areas Reservation Bill be referred to a Select Committee seemed to show that his Government were mistaken as regards the Indian Government's attitude towards a Round Table Conference. The reply of the Union Government to this renewed request showed that they were no longer averse to holding the Conference provided they were assured of the likelihood of its providing an effective solution of their Indian problem. The Government of India welcomed this favourable turn in the negociations and made it clear that they were not less anxious than the Union Government that the Conference should produce tangible results. They further suggested that the Union Ministers should meet Mr. Paddison informally to see whether the obstacles still in the way of the Conference could not be overcome. The meeting took place early in April and had the fortunate result that each of the two Governments was able to understand and appreciate the others point of view better than ever before, and the period under review ends with the very happy news that the South African Government has consented to refer the whole Indian question, other than that part which concerns the franchise and immigration, to a conference between representatives of the two Governments who will try to find a status for Indians in South Africa which will at once satisfy their reasonable claims and adequately safeguard the Western standard of living of the European South Africans. On April the 23rd, 1926, the following statement was issued simultaneously in South Africa and in India announcing this decision:—

> "The Government of the Union of South Africa and the Government of India have been further in communication with each other regarding the best method of arriving at an amicable solution of the Indian problem. The Government of the Union have impressed upon the

> Government of India that public opinion in South Africa will not view with favour any settlement which does not hold out a reasonable prospect of safeguarding the maintenance of a Western standard of life by just and legitimate means. The Government of India are prepared to assist in exploring all possible methods of settling the Asiatic question and have offered to enter into a conference with the Union Government for the purpose. Any proposal that the Conference might make would be subject to confirmation by the Governments of the two countries. The Union Government have accepted the offer of the Government of India and in order to ensure that the Conference should meet under best auspices, have decided, subject to the approval of the Select Committee and Parliament, not to proceed further with the Areas Reservation and Immigration and Registration (Further Provision) Bill until the results of the Conference are available."

It is anticipated that the Conference will take place before the end of the year.

The full text of the communiqué in which the above statement was announced together with connected correspondence will be found in an appendix to this book.

The reception given to this news in India, whether by responsible organs of the press or by Indian political leaders, was highly gratifying. While there was no disposition to go into raptures over the prospects of a satisfactory solution of the old problem, there was equally no disposition to look a gift horse in the mouth. The difficult position of the South African Government was appreciated and the broadmindedness which it had displayed was frankly acknowledged. The value to India of Lord Reading's patient and statesmanlike attitude throughout the discussion with the South African Government now became clearly apparent as also the tact and skill which Mr. Paddison and his deputation had brought to their task.

Lord Reading's inaugural address ended with the following singularly impressive discussion of the Indian political situation:—

> " Gentlemen, you will doubtless remember that when I last addressed the Legislature I laid special stress upon the

important pronouncement of Lord Birkenhead in the House of Lords, which followed the series of Conferences between him and me. I then dwelt upon the message of sympathetic encouragement the Secretary of State, speaking on behalf of His Majesty's Government, had sent to India. I endeavoured to convey to the Legislature the impressions I had formed during my visit to England, and to reproduce to them the sentiments of friendship and good will that prevailed among the British people generally, and among all political parties in the Imperial Parliament. I strove on my return from England to persuade the political leaders of India to grasp the hand of friendship and good-will held out to them and to abandon the attitude of threat or menace. I sought to convince them that this was the surest and the quickest way for India to travel along the road to her ultimate aims and aspirations. I asserted my own emphatic opinion to this effect as the result of obseravtion during my stay in London. I quoted the Secretary of State's words, and they are worth repetition. He said:—

> "We desire and request good-will; nor shall we be niggardly bargainers if we meet with that generous friendship which is near and dear to our hearts."

It appeared to me that this was the golden moment for various sections of political opinion of India to combine in furtherance of the common purpose of advancing the interests of India by laying a surer foundation for her future relations with the British Government and people. But to my great regret I must confess that the realisation has fallen short of the extent of my hopes. So far, the appeals made with the object of promoting harmony and concord have failed to evoke that clear and definite response from India which should have been unmistakable in its manifestations and have left no room for doubts or ambiguities. A more generous response would, I feel sure, have evoked generous action. The heart of Britain would have been won by immediate and sympathetic acceptance of the advances she had made and a new situation would have been created based upon mutual trust and good-will. I shall refrain from discussing the various currents of Indian political thought that have found expression in diverse directions since I last addressed you. I desire to avoid comment that might possibly accentuate differences between political parties and Government. Yet I must speak my personal opinion with frankness. A study of the various speeches and of numberless press articles has led me to regret the more that there should be such hesitation in plainly recognising and accepting the new situation to which Government's invitation pointed. As I have indicated I had cherished the thought that the attitude of Government would have made more cogent appeal to the generous minds of India. But it would appear that the opportunity is not to be seized; it is to be allowed to lapse, and indeed, in some quarters, I gather, that the intention, as at present expressed, is to reject it. And yet I believe that there is already the beginning of the growth of better relations. I wish the evidence had been more marked; but nevertheless, I think I have discerned it, and I deem it fair to state, as I have already acknowledged on previous occasions, that there is some improvement in the general attitude, some change in the tone and temper of politicians towards Government. Here again, I wish it had been more definite and unmistakable and also more general. Although the Government in the last Session of the Assembly was opposed and defeated on various occasions, yet there was to my mind a greater disposition manifested to consider problems on their merits and to discard purely obstructive tactics. I have examined most carefully the Muddiman Committee Report, and have studied the terms of the amendment passed by this Assembly. Whilst I willingly recognise that some individual opinions were expressed suggestive of a desire to meet Government's advance, the language of the Resolution seems to admit of no doubt as to the intentions of those who supported it by their vote. Possibly

> ingenious minds may discover here or there in the formula adopted some evidence of disposition to accept the invitation. But I must reluctantly confess that scrutinising these terms with the desire to regard them as favourably as possible, I cannot find the desired encouragement to those who, like myself, were seeking evidence of greater co-operation and good-will.
>
> There is however yet time for a more satisfactory response. In the ensuing Session, as the proceedings of this Assembly develop, I trust there may be found a clear manifestation of an attitude as generous and as well-intentioned as I verily believe was that which prompted the appeal. I shall continue to watch events here and throughout the country with deep interest, and it is my earnest prayer that the hopes, to which I still cling, may not be disappointed, and that a new era may dawn in Indian progress—an era of more sympathetic understanding, more widespread trust and more universal good-will."

A few days after the opening of the Assembly an important debate took place on a resolution moved by a non-official member asking for the release of Political Prisoners. Students of the reports of earlier sessions will remember that this is a subject in which non-official members of the Legislature take a keen and continuous interest. The arguments advanced during this debate did not differ from those put forward during previous debates on the same subject, and the position of the Government of India is perfectly clear. It was epitomised by the Home Member in the following extract from his speech during the debate:—

> "We desire to limit our actions, to limit the restraints to the very minimum of what is essential to preserve our own position. We do not desire to do anything more than that. We cannot, to please a political movement or secure temporary support, compromise the interests of the ordinary citizens which are the interests of law and order."

The Resolution was adopted in an amended form by the Assembly.

On January the 28th, two days after the above debate a resolution was moved relating to a subject of importance at the present time—unemployment among the middle-classes in India. The resolution asked the Governor-General to appoint a committee, with a non-official majority, to investigate the problem of unemployment of the middle-classes and suggest remedies for the same. The House was generally agreed that the cause of unemployment among the educated classes was largely a lack of adjustment between the prevailing system of education and the need of the country for workers in industrial pursuits. Undoubtedly, a beginning has been made in the removal of this particular cause of unemployment by the greater attention which is now being given to industrial, technical and commercial education. But at present, private enterprise tends to lag behind the industrial needs of the country, and until Indian capital can be induced to flow more freely into channels of private industrial enterprise, certain obvious and desirable avenues of employment for educated Indians will continue to be non-existent. One gap, at least, in Indian commercial education may be indicated here. It is the lack of facilities for the training of Indian youths as Chartered Accountants. Very many Indians are natural accountants, and, properly trained, there should now-a-days be plenty of employment for them in this line. The resolution was adopted in an amended form.

On February the 2nd, a resolution was moved by a non-official member asking the Governor-General to undertake legislation at an early date to prohibit beggary and vagrancy in India. Like the debate on middle-class unemployment, this present debate was largely infructuous. Undoubtedly, the problem of beggary and vagrancy in India is a serious one, and when to the ordinary beggars are added the large numbers of religious mendicants, the total number must run into a few millions. In the absence of reliable statistics it is not easy to say whether vagrancy in India is increasing or not, but there are, at any rate, grounds for believing that it is. The subject, however, as the Home Member, Sir Alexander Muddiman pointed out, was not one to be dealt with by the Central Government; it was, as he clearly showed, one for local Governments. The House agreed with him and rejected the resolution.

Next day the House had before it an official resolution of very great importance to the litigant public of India. This was a resolution moved by Sir Alexander Muddiman in the following terms:—

> "That this Assembly recommends to the Governor General in Council to take steps to secure—
>
> (1) in the case of future appointments the enhancement of the salaries paid to the two members of His Majesty's Privy Council with Indian experience who sit on the Judicial Committee under the provisions of the Judicial Committee Act of 1833 to hear Indian appeals;
>
> (2) that they shall be persons possessed of recent knowledge of Indian law and practice;
>
> (3) that their salary shall be £4,000 per annum each, half of which shall be paid from Indian revenues;
>
> (4) that during any period when the salary is enjoyed, any pension payable to either of them from Indian revenues shall lapse."

Sir Alexander gave the House some striking figures in connection with the working of the Judicial Committee. At present, he explained, it had three members with Indian experience, two of whom each received £400 a year as an "indemnity" whilst the third, as far as he was aware, received nothing. This totally inadequate "indemnity" had been in force for years, and the reform which was now sought to be introduced was long overdue. He showed that between the years 1911 and 1917, of the appeals which went before the Judicial Committee from the whole Empire, more than half had their genesis in this country. He had reason to believe, he declared, that if the resolution met with approval it would be possible to induce Parliament to introduce legislation very rapidly and it was, therefore, the duty of the Assembly to strike while the iron was hot.

He asked the House to agree that any proposal to give Judges of the highest eminence anything less than the salary proposed in the resolution was outside the bounds of practical politics. Further, it was essential that men of high standing in the Indian Bar should not be excluded. Leaders of the Bar in this country were in receipt of princely salaries and they were not to be tempted away from lucrative practices to a land where they might not be comfortable without some reasonable inducement. At the moment, he further emphasised, India was securing the services of the Committee at the expense of Great Britain. The Assembly, however, was now presented with a golden opportunity of bringing about an improvement in the existing conditions, and he appealed to the House to accept the resolution and to accept it generously.

Sir Hari Singh Gour, an Independent Member, however, had other opinions, and he pointed out that although some time ago he was the author of a resolution which asked the House to take steps to establish an ultimate Court of Appeal in India, he now moved an amendment that the judicial work of the Privy Council so far as it concerned this country be done in India. The President reminded the speaker on a point of order that under the Standing Orders of the Assembly he was unable to introduce the same resolution twice within one year, a point which Sir Hari Singh Gour evaded by explaining that his first resolution was to establish a Court in India, and now he was merely asking that the work of the Court be done here.

Diwan Bahadur T. Rangachariar introduced a new element into the dicussion, when he moved an amendment which would make it imperative that only Indians be selected for the two posts in question, and that the emolument of £4,000 be reduced to £3,000. He had, however, some striking provisos which gave his argument a piquancy all its own. At the outset he made it quite clear that he did not agree with the views expressed by Sir Hari Singh Gour, and he paid a tribute to the work of the Judicial Committee which he described as the finest Court in the world and the finest that had ever been known. He argued that his amendment did not raise any question of racial distinction as such, as his sole point was to secure for India and the Privy Council the best possible material. He contended that it naturally followed that Indians had a better knowledge of the working of the law in their own country than anyone else. In regard to the question of salaries he was not so insistent, and he assured Sir Alexander Muddiman that if it were demonstrated that it was impossible for eminent jurists to live in London in comfort on less than £4,000 per annum he would not press his point. In one direction, however, he was emphatic, and that was, whoever paid this sum to those who heard

India's appeals it should not be India. He declared that this was one of the Imperial obligations of England; one of the instances where it had to pay for the possession of an Empire. He was equally emphatic in contesting Sir Hari Singh Gour's contention that India should have its own Supreme Court, as he maintained that the time for this had not yet come.

In replying to these arguments, Sir Alexander Muddiman made an earnest appeal to the Assembly, seriously to consider its position before deciding upon rejection. Adverting to the suggestion that India should have its own Court, he declared that the Assembly had already had an opportunity of expressing its opinion on the matter and had rejected the proposal. As far as the inclusion of the word " Indians " went, he felt, considering what had been done by the Government for the Indianisation of the Bar, that argument was unnecessary and might, in fact, develop into a demand that one of the judges appointed should be a Hindu and the other a Muslim.

When put to the vote both amendments were lost and the division on the main resolution resulted in its rejection by 50 votes to 40.

The intervals between important resolutions in this session were very short and on February the 9th came another which it is necessary to notice because of its constitutional importance. This was a non-official resolution asking the Governor General to move the Secretary of State to disallow the Burma Expulsion of Offenders Act, or, in the alternative, to take immediate steps to introduce a Bill in the Indian Legislature to repeal the same. The Act, which was passed by the Burma Legislative Council in September, 1925, provided for the deportation from Burma of non-Burmans convicted of certain offences in Burma. The subject of the Resolution proved to be one of absorbing interest to the majority of non-official members of the Assembly and the debate extended over two days. Clearly, at the back of the minds of many members was the fear that the Bill would be used in some way to crush political aspirations in Burma or, even, in India, but just as clearly, the provisions of the Act showed that it was meant to do nothing more than enable the Burmese Government to rid the province of undesirable strangers. Many of the speeches made in support of the resolution betrayed a singular lack of logic, for Calcutta, for example in its Goondas' Act, possesses exactly the same powers of expelling criminal strangers as those with which the Burmese Government had armed itself. Similarly Bombay and the Punjab expel undesirable Pathans from their jurisdictions, yet no suggestion has ever been made that these powers are either undesirable or are used improperly. Lieut.-Colonel Owens of the Burma Commission made a strong speech against the resolution declaring that the Burmese people regarded it as an interference with their domestic affairs. There was no sinister movement, he declared, to expel Indians as such from Burma, if only because this would entail the complete stoppage of all Burma's essential services. One of the two Burmese members also spoke strongly against the motion, and maintained that the measure had been passed by a great majority of the Burma Council. These arguments, however, carried no weight with either Pandit Motilal Nehru or Mr. Jinnah, who both described the Act as an objectionable piece of legislation which should not receive the countenance of the Assembly.

The debate was resumed on February the 16th, when the main argument advanced by the supporters of the resolution was that one province should not undertake legislation harmful to another, legislation which they likened to anti-Asiatic Legislation in South Africa.

Mr. Bhore, on behalf of the Government, made an early reference to this latter aspect of the case, when he declared that the main objection to anti-Asiatic legislation was that it hit directly at the Indian. This, he maintained, was not the case with the Burma Offenders Expulsion Bill, which was directed at the removal of criminals other than of Burmese domicile. He declared it a matter of deep regret that he should find it necessary to point out the world of difference between the criminals mentioned by the Burmese Bill and an Act which says that law-abiding citizens, merely because they were Asiatics, should not be allowed to reside in a country except in specified areas, and then under restricting conditions. The passage of the Burma Bill, he concluded, could not possibly take away from India its power or its right to fight against legislation which was purely anti-Asiatic.

Lala Lajpatrai, however, held other views regarding the efficacy of the measure which, he declared, was the creation of brains other than Burman. He maintained that the Bill went to the root idea of nationality, and if they allowed it to stand they would be committed to the principle that one province could legislate against another.

Mr. Tonkinson analysed the Bill from the point of its law, his object being to show that there was nothing repugnant to India in its provisions, and to remove what he described as the mass of prejudice which surrounded them. He maintained that Burma was a separate country in the legal sense, and, therefore, perfectly entitled to pass the Bill, a statement which was received with various marks of protest, as was also his definition of the "implications" of the word domicile.

Colonel Crawford, Secretary of the Calcutta European Association, lent his support to the resolution, remarking that it was no doubt desirable that criminals should be returned to their home province, but he felt that it was dangerous to allow one province to bring in legislation against another. If such legislation was necessary, he contended, it should be enacted in the Central Legislature.

Sir Henry Stanyon, Member for the United Provinces European Constituency, upheld Colonel Crawford, but his way of attacking the measure lay along the law of domicile. Speaker continued to follow speaker, but eventually Sir Alexander Muddiman was given an opportunity to reply to the debate. He warned the House of the serious constitutional issues involved, and the gravity of the step it had in contemplation, and declared that it was most regrettable that there should have been any question raised of pitting Indians against Burmans. The position created by the passing of the resolution, he emphasised, would be one that the Government could not possibly adopt, and the Assembly before giving its opinions should well consider all the implications. His concluding words stressed the constitutional importance of the resolution.

> "It has been laid down by the Joint Parliamentary Committee" he said, "that when the Provincial Government and the provincial Legislature are in agreement, normally speaking they should have their way. That is an important point which should not be lost sight of. That is an argument however which I do not wish to carry too far. I see clearly there are occasions when

> the Central Government must interfere and I do not wish by anything I am saying to-day to diminish that proposition. While maintaining, therefore, the central control of the Central Government I maintain that to ask us to take the action suggested in this Resolution would be a very serious matter."

The Resolution was, however, adopted by 69 votes to 33.

The Division on the Burma Act was taken in the middle of the morning and immediately afterwards began a debate on a Resolution which was far and away the most important of the whole session. This was moved by Maulvi Syed Murtuza Sahib Bahadur, a Muslim member from Madras, in the following terms:—

> "This Assembly recommends to the Governor General in Council that he be pleased to extend to the North-West Frontier Province the provisions of the Government of India Act which relate to Legislative Councils and the appointment of Ministers, etc., with protection to the minorities."

I have described his resolution as the most important of the session, despite the fact that later on, during the debate on the Budget, the leader of the Independent Party moved a resolution asking for the appointment of a Royal Commission to consider the possibility of further constitutional advance before 1929, the date laid down in the Government of India Act, 1919 for the appointment of the Statutory Commission.

The importance of the North-West Frontier Resolution lies in this, that it accentuated the prevailing and rapidly growing differences between Hindus and Muslims, and also provided the conditions for another split in the Swarajist Party, namely, a Hindu-Muslim split, in addition to that which has been already described between the Responsive Co-operators and the Die-hard Swarajists. The mover of the resolution was a member of the Swaraj Party, but in his opening remarks he stated firmly and unequivocally that he moved the resolution " not as a member of that (Swarajist) Party, but..............................as a member of the All-India Muslim League." It was common knowledge that the leader of the Swaraj Party and all its Hindu members strongly deprecated the moving of this resolution; nevertheless, its author stuck to his determination to be a Muslim first and a Swarajist afterwards, and it may be mentioned here that although he walked out with the rest of the Party on March the 8th—an incident which will be described in due course—he returned a few days later to the Assembly in order to take part in the later stages of the debate on his resolution.

The reason why opinion on this resolution should range itself on communal lines is this. The population of the North-West Frontier Province including the transborder area is almost entirely homogeneous, fully 95 per cent. of its people being Muslims. It is inevitable, therefore, that the extension of the Reforms to the Province must result in the overwhelming predominance of Muslims in its politics. The debate on the resolution, after occupying the remainder of February the 16th, was adjourned until March the 18th, and it is significant that with the exception of the mover not a single member of the Swarajist Party took any part in the debate on its opening day. On the whole, the speeches during this first day of the debate were good tempered and free from communal bias, with only one exception.

The mover of the resolution said that the subject of his resolution had been urged by several meetings of the League and he had himself been to the Frontier Province where he was asked by all the leading men to secure for them something which the other Provinces had. The resolution he was moving related to the five settled Frontier districts. It was based on the majority report of the Frontier Committee, which had been appointed as long ago as 1922. This Committee had stated that delay in introducing the Reforms might prove disastrous. Syed Murtaza characterized his resolution as the touchstone of the sincerity of the Government and, later, made an eloquent appeal to the Hindu members to accept it. He assured them that the Hindus of the Frontier had nothing to fear. This was not a Hindu-Muslim question, but a question of granting elementary rights to the people of the Frontier.

Following Syed Murtaza three or four other Muslim members of the Assembly, notably Nawab Sir Sahibzada Abdul Qaiyum, spoke in support of the resolution. The Nawab Sahib professed no great confidence in the beneficial effects of the Reforms. He would much prefer a mere advisory council for the Frontier. Still, the line of constitutional advancement had been chalked out for India and, that being so, the Frontier ought to be treated like any other province. A weighty contribution to the debate was then made by Sir Denys Bray, Foreign Secretary to the Government of India who, pressed by the Assembly to explain the Government's point of view, rose amidst applause. He confessed to a feeling of pleasurable surprise, for, from the rumblings that came from many amendments he had expected the debate to range on somewhat different lines. It was due to the mover of the resolution that the debate had proceeded with such good humour. Since the report of the Frontier Committee was written three years ago there had been happenings in this great country which—were he to put his signature to the report to-day—might lead him to tone it down a little here and brighten it up a little there. But the outline adopted in the majority report would remain the same. There would at any rate, be no change in one important particular, namely, that the North-West Frontier was an all-India concern and its problem must not be treated parochially but imperially. "You must think Imperially on your Frontier matters, and if you think Imperially you will be forced to eschew light and easy decisions which communal or other bias may lightly suggest." He referred to the communal heat which had been engendered by the committee's tour through the Frontier Province and he stressed the significance of the debate in the Punjab Legislative Council on the Frontier controversy. He drew attention particularly to the division after that debate when all the Hindus had gone into one lobby and all the Muslims into the other. This had a serious import, especially on a matter like this with all its implications and dangerous reactions, and when the report was published, after being wisely withheld by Government for eighteen months, there was hardly a rumble. Indeed, the Government received congratulations from all sides and he now claimed that to the Government was due some measure at any rate of the success of this afternoon's debate without heat on a question which would otherwise have produced burning heat.

Proceeding, Sir Denys discussed the possibility of reamalgamating the Frontier Province with the Punjab and showed conclusively that no effective demand for reamalgamation now existed.

In conclusion, he referred to the communal difficulty and said that the Government were awaiting with great interest the result of this debate and its reactions in the Press, on the Frontier, and in India at large.

Following Sir Denys, Mr. Bipin Chandra Pal, a prominent Hindu member of the Assembly, made an interesting speech supporting the resolution and asking the Hindus of the Frontier Province to accommodate themselves to the Muslim majority there in the same way as Muslims in other parts of India had accommodated themselves to the Hindu majoity.

The last speech of the day was made by Pandit Madan Mohan Malaviya. He opposed the resolution. He agreed with Mr. Pal that every country should be given home rule but the existing communal troubles had to be taken into account in the case of the Frontier Province. One speaker had said that Muslims wanted to be the brethren of the Hindus. The Pandit wished that that were so. He differed from the Foreign Secretary and affirmed that the question of reamalgamation of the Frontier Province with the Punjab was not dead and might yet come up for reconsideration. The partition of Bengal, which was a settled fact had been unsettled. A great wrong was done to the people of the setttled districts of the Frontier when these were separated from the Punjab. During the 25 years of separate administration, the administration had been on the down-grade and the people had been deprived of the advantages of a regular administration. He gave instances of anti-Hindu pogroms, in 1909 in Kohat and in 1910 in Peshawar. In the latter, Hindu houses had been looted and a great deal of property lost. Almost the whole of the Hindu population, he alleged, had been driven out of Peshawar and made a remain in exile at Rawalpindi. No less than 16,000 men, women and children had remained in exile at Rawalpindi for about a year. The Pandit declared that he had to mention these unpleasant facts to show that there was a party in the Frontier which was distinctly of the view that Hindus and Sikhs must go out of the Province. The Chief Commissioner of the Frontier Province in a recent speech on the elections of local bodies had also referred to the communal feeling in the Frontier. In the Kohat riots which took place about two years ago the Hindus suffered most, and because the Government had appointed 30 per cent. of Hindus as policemen, Muslims had raised objections. Finally, the Pandit believed that the question of extending the Reforms to the Frontier should be left for the Royal Commission of 1929 to decide.

The debate was resumed on March the 18th and occupied that and the next day. Public interest in the resolution had been raised to a very high degree by the tone which the press of both communities had adopted in discussing the resolution during the interval. On March the 18th the public gallery was crowded with visitors from the Frontier, and the debate re-opened in a somewhat tense atmosphere. Again a number of Muslim members spoke in favour of the resolution, Raja Ghazanfar Ali Khan making an excellent maiden speech in which he showed that the Frontiersmen wanted the extension of the Reforms to their province and that they were certainly fit, educationally and in every other way, to work them. After them, Sir Darcy Lindsay, leader of the non-official Europeans in the House, made it clear that the latter meant to support the resolution. The final stages of the debate on March the 19th were carried out in an atmosphere not free from heat. Early in the day Sir Alexander Muddiman rose to define the position adopted by the Government on this resolution. He warned the Assembly that in such a delicate matter the Government had to proceed warily. He did not explain the reasons for this, as he held them to be obvious, but he pointed out that it was the Government that would have to pick up the pieces were the glass broken, a simile which made an obvious appeal to the Hindu members. He explained, however, that as far as the debate was concerned, the Government intended to adopt an attitude of neutrality. The question of the manner of constitutional advance of the reforms to the Province was, he declared, still under consideration, and the Government would in its future deliberations carefully bear in mind the decision of the Assembly, a statement which was received with applause by the Muslims now reasonably certain that their resolution would be carried. Sir Alexander Muddiman added a further note of warning as to the difficulties of the problem when he referred to the miscellaneous cutlery and the fire arms with which the Province is littered.

He was followed by Diwan Bahadur Rangachariar, whose speech was accompanied by continued heckling. He opposed the resolution arguing that it would be unwise to extend the reforms to the

Frontier Province, both for political reasons and because of the extravagant expense which would be entailed. Colour was given to the other side of the picture by Khan Sahib Mahomed Makan, who, to the delight of his co-religionists, delivered many a shrewd thrust in Urdu.

Other speakers added their contributions, and then Colonel Gidney rose and confessed his inability to understand those who in one breath were ready to deny the people of the Frontier the benefit of the reforms, and in the other were loud in their demands for self-government. As for there being arms of all descriptions in the Province he added these were at least carried openly. Bengal could not claim that it was not similarly equipped, but there it required the whole police force to unearth them.

Sir Hari Singh Gour and Nawab Sir Sahibzada Abdul Qayum then came into conflict. The former quoted the opinions of Lord Curzon in support of his contention that the Frontier policy should continue to remain in the hands of the Central Government. But he was subjected to a continual rain of questions from the Nawab and the temper of the Assembly began to grow warm. The President observing this asked Sir Hari Singh Gour to bring his remarks to a close.

The debate was closed by Sir Denys Bray, whose principal reason for speaking was to reply to the attack which had been launched upon the North-West Frontier Province and the Frontiersman in particular. He deplored Pandit Madan Mohan Malaviya's raking up of misrepresentations of old, unhappy events and countered his exaggerations. He advised another member to put away his books and his reports, to blow out the midnight lamp and to proceed to the Frontier in person, where he was certain that the breezes would blow away many of the cobwebs which clouded his vision. Turning to Diwan Bahadur Rangachariar, he reminded him that in the North-West Frontier Province there was no submerged tenth, and there were no "untouchables." The Frontier, he added, was a place where every man counted, and he invited him to make a protracted visit thither and see this for himself. The Diwan Bahadur then reminded the Foreign Member that in the Southern Presidency they had not 700 miles of Frontier peopled by wild tribes. Sir Denys Bray seized on the remark and turned it destructively against the Diwan Bahadur.

Madras, he maintained, had a far more vulnerable frontier than that of the North-West Frontier Province, and, he added with emphasis, the Diwan Bahadur would know all about it, but for the continued presence of the British navy, which he pointedly added was kept up not by Madras but by the British tax-payer.

The resolution was then put to the Assembly and declared carried amidst the plaudits of the Muslim members.

We have seen that the Legislative business of this House included a number of important Bills. Of these, undoubtedly, the one which gave rise to the greatest interest in India was that introduced by a private member to repeal the Bengal Regulation III of 1818. Those who have followed the work of earlier sessions of the Indian Legislature know what a long history lies behind this Bill. Any question relating to Regulation III can always be relied upon to rouse the interest of the non-official benches in the Assembly to the highest degree. The present occasion was no exception to this rule. The mover, Mr. Amarnath Dutt, a Hindu member from Bengal, made an eloquent speech when moving that his Bill be taken into consideration. But he introduced no new argument, prefering to rely on copious extracts from the speeches of Lord Morley. He was followed by Mr. J. T. Donovan, an official member from Bengal, who delivered an excellent speech. Mr. Donovan smote the Bill hip and thigh. He boldly stated that he opposed it for the sake of the people of Bengal whom he had known intimately for a period of over 16 years. He said that the Regulation was necessary and roundly declared that the people of Bengal did not object to it. But if there were constitutional purists who disliked the Regulation, let them come forward with an efficient substitute and he, the speaker, would be as strong a supporter of it as anybody in the house.

He had been told that Swaraj was a substitute, but he countered the statement by pointing out that his own country, Ireland, had just got Swaraj and the first thing they did was to introduce a Regulation III. Indeed, he said, Regulation III existed in every civilised country. Its antiquity was a poor argument against it. The Code of Manu was ancient, but that did not mean it was altogether out of use. As a matter of fact, in such matters antiquity was essential, for those powers provided the first foundations of an organised State. Magna Charta and Habeas Corpus were ancient too. Proclamation of siege, suspension of constitutional guarantees, Regulation III and the like were synonyms for the use of emergency powers which all States possessed. Their frequent or infrequent use depended on the people themselves. Without the Regulation they could not have saved Bengal from disaster. Mr. Donovan next dealt with the argument that Swaraj was a remedy for the evils which Regulation III set out to check. Apart from the experience of his own country, which showed him that Swaraj was no remedy, he drew attention to a very significant passage in the statement made by a leader of men, Sir Abdur Rahim—showing that not a single Muslim had been found involved in these conspiracies. Although Muslims were dissatisfied with the undoing of the Bengal partition, Mr. Donovan proceeded, that fact did not lead them to revolutionary activities. This disproved an argument which Mr. Bipin Chandra Pal had used some time before during a similar debate, maintaining that the partition had something to do with the revolutionary movement. He had a great liking for the generous, lovable people of Bengal, but felt that the rising generation had been brought up in an atmosphere where newspapers had used columns in giving the biographies of men who had committed murders and had been sent to the gallows. He spoke from intimate knowledge for he had himself taken part in the suppression of revolutionary conspiracies. As for bringing those arrested to trial, Mr. Donovan showed that conspiracies could be discovered and proved only by policemen and by approvers, and yet their experience had proved that were these trials held, the death of policemen or of approvers would certainly follow. The Bengal conspirators all worked in water-tight compartments and were so well organised that they could not be got to give evidence against each other. The speaker had travelled throughout Bengal and talked to people about their grievances. They talked about malaria, about municipal mismanagement, about what Pandit Motilal Nehru was going to do next, but never about Regulation III. There was a recent test. Sir Abdur Rahim chose to stand from Hooghly next to the Swarajist headquarters, and yet from the whole of Bengal another person could not be found to contest his election. And who was Sir Abdur Rahim? The very person who was Legal Member of the Bengal Government when it used the Regulation. Thus the constituencies were not opposed to the Regulation.

Mr. Donovan's speech certainly gave immense zest to the further proceedings on the Bill and when he sat down, members rose in ranks to catch the President's eye. Messrs. K. C. Neogy and B. C. Pal from Bengal, and Lala Lajpatrai from the Punjab spoke in favour of the Bill. The latter said that no other civilized country tried to put down revolutionary movements by using instruments like Regulation III, whilst Mr. Pal recalled the old days in Bengal before the revival of the Regulation, when the British were honoured for their justice and the freedom which they brought to India. He said that the revival of Regulation III was the cause of the revolutionary movement in Bengal.

Sir Alexander Muddiman, replying on the debate congratulated the Assembly on the way in which it had received the speech of Mr. Donovan, although his views were so obviously unpalatable. Mr. Amarnath Dutt had said that this Regulation must be repealed, because the Repressive Laws Committee had recommended it, but he had forgotten the important note added to the report by the members which reads, " after this report had been drafted, we received information of the grave and widespread disorder in Malabar which, in our opinion, has more than justified the apprehensions leading to this conclusion." Mr. Donovan had made a very powerful appeal by his personal knowledge of the people of Bengal, and had quoted many cases into which the Home Member need not go, but he would point out that special circumstances required special measures. One member had said that the Regulation must be repealed, and if at any time they felt the need for a new law the Assembly would vote for it. " But " asked Sir Alexander " has this House always been ready to support us in any shape or way in measures necessary for the administration of the country?" Continuing, the Home Member argued that it was admitted by most of the people who really discussed this matter seriously, that some powers of this nature were necessary for the Executive Government. Objection to the Regulation was based mainly on the grounds that it was used to suppress internal commotion and might be used for political purposes. The present Regulation could with advantage be replaced by legislation on different lines, and more in accord with modern conditions, but he had no majority in this House to support a measure of that kind. Indeed he feared that any Bill which he would bring would be so completely altered in the Assembly that there would be nothing left.

Shortly after this speech the House adjourned on being informed that one of its members was lying gravely ill. The debate was resumed on February the 19th, but in the meantime, the President of the Assembly had found it necessary to warn a leading Anglo-Indian newspaper for publishing certain comments on the proceedings of February the 12th which he regarded as an attack on the Chair. The remarks were brought to his notice by the Home Member, who repudiated indignantly any suggestion of partiality on the part of the Chair and amidst applause asserted his complete confidence in the President's attitude. The newspaper concerned, however, showed that no attack on the President was intended and the incident closed.

On the second day of the debate, a number of speeches for and against the Bill were made. Maulvi Abul Kasem declared that anarchical conspiracies did exist in Bengal and that the Government could not afford to divest themselves of the powers conferred by Regulation III. Sir Denys Bray drew attention to one aspect of the question at issue which had hitherto been overlooked. This was that the Regulation was essential for India to discharge her international obligations. Her geographical position was such that a number of refugees found asylum within her borders, and their movements had to be regulated by this law. Only a month ago he had to deal with the applications of some persons who had been born in exile in India and now wanted to go back to their own country to rouse their people. This showed the delicate nature of some of the problems which had to be solved in the field of foreign relations. If only for the reasons he gave, Sir Denys declared, the repeal of the Regulation was impossible.

Following the Foreign Secretary a young and prominent debater on the Swarajist benches, Mr. T. C. Goswamy launched an attack against Mr. Donovan's speech. He ridiculed the idea of officials like Mr. Donovan being allowed to come up on a holiday trip and take part in serious legislation. He declared that the revolutionary movement in Bengal was rooted in historical causes dating back to the days of Warren Hastings.

A few more speeches were delivered after Mr. Goswamy's and then the debate closed with a speech from Sir Alexander

Muddiman: It ought not to cause surprise, he said, if those who had to defend existing institutions retained special powers for doing so. Mr. Goswami had gone into historical reasons and had mentioned the Warren Hastings régime. The speaker might also mention without saying whether it was right or wrong, the view held by some people that another Regulation, namely that of 1793, which granted the permanent settlement, had something to do with economic trouble in Bengal. This Regulation must at any rate be pleasing to his honourable friend Mr. Goswami who is himself a zemindar (landowner). Sir Alexander had been told that this Regulation was the basis of the distinguished loyalty of the Bengal zemindars. He admitted that with some exceptions the loyalty of the Bengal zemindars was distinguished. As regards the use of the Regulation itself the Home Member assured the House that the Government desired to use their powers in a limited area and to a limited extent, that they sifted and examined the evidence placed before them as thoroughly as they could and they wanted to reduce the restraint to a minimum. Already the number of persons dealt with under the Regulation had been reduced from 19 to 16.

The division was taken in an atmosphere of high excitement. As the Members crossed the floor to their respective lobbies it was obvious that the result would be decided by two or three votes only. Nobody expected that the Government could win a division on such a subject with such associations, and yet the Government did win by three votes. It was a resounding victory and for days afterwards discussions of it filled the most important places in the newspapers. A very significant feature of the division was that some members of the Swaraj Party actually abstained from attending the Assembly when it was taken.

The only other legislative business to which reference should be made here is a group of Bills relating to labour in India. These are the Indian Trade Unions Bill, the Weekly Payments Bill and the Indian Factories (Amendment) Bill.

The Trade Unions Bill, which was prepared after protracted correspondence with the interests concerned and discussion in the press and elsewhere, was introduced into the Legislative Assembly in the Delhi session of 1925 and was referred to a Select Committee. The Bill aimed at promoting the growth of healthy trade unionism in India. Under the measure trade unions were to be left free to register or not as they thought fit. Trade unions which registered would be required to confine their expenditure to definite trade union objects, to submit their accounts to a regular audit, and to provide for a proportion of actual workers on their executive. They and their members would receive, on the other hand, a substantial measure of protection from criminal and civil liability. The Select Committee presented its report during the Simla session of 1925, but when the Bill came up for consideration in that session it was postponed until the following Delhi session. The most important change made by the Select Committee was the insertion of a clause providing for the formation of a separate fund from optional contributions to be utilized for promotion of the civil and political interests of the members of a trade union. This clause was based on the British Act of 1913, but, instead of laying on the workmen the onus of contracting out from the payment of subscriptions, it ensured that a workman would not incur any liability until he had signified his willingness to accept it.

The discussion in the Legislative Assembly on the measure occupied the greater part of the time allowed for legislative business on four days. No previous Bill relating to labour received anything approaching this amount of attention from non-official members and, while part of the interest was undoubtedly due to the interesting legal points which were raised by the more important sections, the discussions indicated a substantial increase in the interest taken by the legislature in measures designed to ameliorate labour conditions in India. A large number of amendments were proposed but few were carried. The main principles of the Bill remained unaltered but the immunity granted from civil liability was slightly enlarged and, whereas the Select Committee had reduced the minimum number of actual workers on the executive of a registered union to one-third of the total, the Assembly, by raising the proportion to one-half, restored in substance the original proposals of Government. The objects on which the funds of trade union objects could be spent were further widened. While a small section of the House was evidently anxious to incorporate in the Indian law the substance of all the British Acts on the subject from 1871 to 1917, the House as a whole recognized that Indian trade unions had a long way to travel before they reached the position attained by British trade unionism and that the needs of the movement in the two countries were by no means identical. But the main privileges gained by trade unionism in England as a result of a struggle lasting for a century are now open to trade unions in India and it is satisfactory to note that they have met with remarkably little opposition from employers or the public at large.

The Bill, which is the first of its kind in India, was passed by the Assembly on February 8th, 1926. In the words of its sponsor, Sir Bhupendra Nath Mitra, " it will constitute a useful framework which we can alter, as our experience of this subject under Indian conditions progresses. Meanwhile it will help trade unions to make a beginning on right lines in the direction of organizing and educating the labouring classes and of starting co-operative institutions for conferring on them benefits in various directions . . . . It is on this organization, education and co-operation that the uplifting of the labouring classes in this country will depend more than any amount of legislation that this Assembly may pass."

The Weekly Payments Bill was introduced by a non-official Member. A considerable number of industrial employees are paid on a weekly basis but this practice is not common outside industries (such as the jute mills) in which European management predominates. Generally speaking, the most common period of payment for all classes of workers is the month. When this system is combined, as is frequently the case, with an appreciable delay in the payment of wages, the result is that the labourer entering industrial employment has to subsist on credit for a number of weeks and may contract debts which are not easily repaid. The Bill was designed, by bringing coercion upon employers, to make a system of weekly payments general in industries and in domestic service. On being circulated for opinion, the Bill found few supporters. Opposition was not confined to employers but included, in many cases, the workers whom the Bill was designed to benefit. The monthly system of payments has behind it the sanction of immemorial custom in many places and it is bound up with other economic factors of considerable importance. To most critics the Bill appeared to be badly designed and would have been almost impossible to enforce. The motion to refer it to a Select Committee was withdrawn by its sponsor after an interesting debate in the course of which Sir Bhupendra Nath Mitra on behalf of Government gave an assurance that the question of legislating to prevent undue delays in the payment of wages was receiving official consideration.

The Indian Factories (Amendment) Bill dealt with no important questions of principle but contained a large number of administrative provisions designed to simplify the administration of the Act and to assist its more strict enforcement. Thus, for example, one provision was intended to make it possible for Government to prevent the large number of accidents which occur owing to the cleaning of machinery in motion; another was designed to assist those who are engaged in preventing the abuse of employing children in two mills on the same day, a practice which, although illegal, has proved difficult to stamp out; a third provision would have given Government powers to prevent excessive temperature in factories. The Bill, after being considered by a Select Committee, was passed with few substantial amendments. The only change of importance was the deletion of the clause relating to the control of temperatures in factories and Government indicated their intention of affording opportunity for the discussion of this subject at a later session. It is of some interest to note that this is the third Act relating to factories which has been passed since the Reforms came into force.

The above list, by no means, exhausts the important Legislative work of the session, but considerations of space preclude a more exhaustive treatment. It is time now to turn to the Financial business of the session which nowadays begins with the consideration of the Railway Budget. Those who have studied previous numbers of this report will remember that the Legislative Assembly during the Simla Session of September 1924, agreed to the separation of railway finances from the general finances of the country. The proposal sprang in the first place, from the fact, forcibly pointed out by the Committee under Sir William Acworth which investigated the Indian Railway system, that the annual allotments for railway expenditure were determined from year to year with less regard to the actual requirements of the Indian Railways than to the general financial position of India. The unhappy results of this arrangement, from the railway standpoint, were very clearly demonstrated in the Acworth Report. After investigating the matter fully, the Government of India came to the conclusion that the suggested separation would be entirely advantageous. Not only would it enable the railways of India to be financed as a business undertaking but, in addition, it would relieve the Government of India of many difficulties and doubts. When the general budget incorporated the gross receipts and working expenses of the railways, the difference between good and bad trading seasons and good and bad monsoons meant a difference of several crores of rupees in the budget figures. Accordingly an arrangement was worked out by which the Railways should make an ascertained annual contribution to the general revenues; and, for the rest, should enjoy the advantages of an entirely separate budget. The successful initiation of the proposed arrangement was by no means easy. The Legislative Assembly, when the proposal was brought before it in the first instance, reserved its opinion; for there was a fear in the minds of many members lest the control which the Legislature had hitherto exercised over railway policy, might in some degree be weakened. In the Delhi Session of 1924, no conclusion was reached; but in September, after an interval in which the project had been fully discussed in all its aspects in the public press, a final settlement was happily arrived at. The Assembly recommended to the Governor General in Council that the railway finances should be separated from the general finances of the country, and that the general revenues should receive a definite annual contribution from railways which should be the first charge on their net receipts. This contribution was settled on the basis of one per cent. on the capital at charge of commercial lines in the penultimate year, *plus* one-fifth of the surplus profits in that year, interest on capital at charge of strategic lines and loss in working being deducted. The Assembly also stipulated that if, after payment of the contribution so fixed, the amount available for transfer to railway reserves should exceed Rs. 3 crores, one-third of the excess should be paid to General Revenues. This railway reserve is to be used to secure the payment of the annual contribution, to provide, if necessary, for arrears of depreciation and for writing down capital, and to strengthen generally the financial position of the railways. It was further agreed that a Standing Finance Committee for Railways was to be constituted, consisting of one nominated official member of the Assembly as Chairman, and 11 members elected by the House itself. The members of the Standing Finance Committee for Railways are to be ex-officio members of the Central Advisory Council, which consists, in addition, of not more than one further nominated official member, 6 non-official members selected from a panel elected by the Council of State and 6 non-official members selected from a panel elected by the Legislative Assembly. Before the Standing Finance Committee is to be placed the estimate of Railway expenditure prior to the discussion of demands for grants in the Assembly. The whole arrangement was declared to be subject to periodic revision, but to be attempted as an experiment in the first instance for at least three years. In consenting to it, the Assembly made certain stipulations, and further pressed upon Government its views in the matters of Indianisation and stores-purchase. The general effect of this arrangement upon the finances of the country lies principally in the consideration that the Indian tax-payer is now assured of a regular and growing contribution in relief of taxation from his investments in railways; while the task of maintaining a continuous financial policy, and of distinguishing between a temporary and permanent surplus or deficit in acounts, is immensely facilitated.

The general discussion of the Railway Budget began on February 22nd. Like the general budget, the Railway budget comprises a series of demands which are moved separately and are discussed by the Assembly, when motions for reduction or omission of the demands can be made, and grievances relating to the departments of railway working represented by the demands may be ventilated. It is worthy of note that the Railway budget is prepared with the assistance of the Standing Finance Committee which is taken into the fullest confidence by the Executive.

In his budget speech, Sir Charles Innes made the pleasing announcement that instead of Rs. 564 lakhs net contribution to the general revenues for 1924-25 he had been able to make an actual contribution of Rs. 678 lakhs and that instead of placing to Railway Reserves Rs. 410 lakhs, as he had expected, he had transferred the large sum of Rs. 638 lakhs. Following the discussion of railway conditions during 1925, Sir Charles announced that he hoped to make a net contribution to the general revenues for 1925-26 of a sum of Rs. 532 lakhs. He then continued:—

"But I would beg the House to observe that this figure is a net figure. The general tax-payer is really taking from commercial lines 653 lakhs. Our net contribution of 532 lakhs is only 16 lakhs less than the amount Sir Basil Blackett budgetted for, and I would here pause to point out one advantage which we derive from the stabilisation of our contribution to General Revenues. When, last November, Sir Basil Blackett was considering what effect the loss of the Cotton Excise revenue would have on our finances not only this year but also next year, he knew within a few lakhs exactly what he would receive in either year from the Railways, and I think that he will bear me out when I say that our announcement on December 1st last was very greatly facilitated by the stabilisation of the contribution to General Revenues resulting from the convention in regard to the separation of Railway Finance from General Finance."

He next passed on to the Budget estimate for 1926-27, and said:—

> " The figures in brief are that we are budgetting on commercial lines for gross receipts amounting to 102·58 crores and gross expenditure, including interest charges, of 92·13 crores. If these figures are realised, the gain from commercial lines will be 10·45 crores, and the net gain, that is, the gain after deducting the anticipated loss on strategic lines, will be 871 lakhs. In 1926-27 our contribution will be based on the financial results of the year 1924-25, and I have just told the House what a prosperous year that was for Railways. General Revenues, indeed, will take out of us a gross contribution of 760 lakhs. The net contribution payable will be 601 lakhs, and the balance of 871 lakhs which we expect to have for disposal, namely, 270 lakhs will be transferred to Railway Reserves."

He next dealt with the Railway Capital Budgets for 1925-26 and 1926-27 and showed the policy of the Railway Board with regard to the execution of approved works. " I propose now " he said, " to say a few words about our Capital Budget. The approved programme for the current year provided for a capital expenditure, of 32·07 crores. Past experience had told us that Railway Administration would not be able to spend the full grant, but our policy is not in any way to restrict the execution of sanctioned works. Clearly once a work is sanctioned it is desirable that it should be carried to completion as expeditiously as possible. Accordingly we allowed Railway Administrations the full grants asked for for approved works, and made a lump sum deduction in their demands for the probable savings we anticipated in their expenditure. The reduction we provided for was 9·17 crores, so that the net grant was fixed at 22·90 crores. We estimate that the actual capital expenditure will be 19½ crores and that there will be a lapse of 3·40 crores. This lapse compares favourably with the lapse of nearly 18 crores in 1923-24 and nearly 17 crores in 1924-25. We have made changes in the system of preparing estimates, in the arrangements for the execution of works and in the procedure relating to the preparation and certification of indents. These changes have already borne fruit, but I frankly admit that there is still room for improvement, and we have reason to hope that in the future actual capital expenditure will approximate more closely to our budget estimates. In this connection, I take the opportunity of announcing that quite recently the Secretary of State largely increased our powers of sanction. He has done so for the reasons I have mentioned earlier in my speech, namely, that the obligation laid upon us by the Assembly to pay not only our interest charges but also a contribution to General Revenues is in itself a guarantee for economy which justifies a relaxation of his control. Many projects which formerly required a reference to him are now within our own powers of sanction, and a considerable saving of time should be the result.

For next year Railway Administration have proposed an expenditure on approved works of 34·58 crores on capital account. We intend to authorise Agents to spend up to this amount, but we do not think that the actual expenditure will exceed 22 crores. This figure is made up of 15·44 crores for open line works and 6·56 crores for new construction. The actual figure we have included in the estimates, however, is 26 crores, 4 crores having been provided for the purchase of the Delhi-Umballa Kalka Railway."

He concluded his speech by reviewing the vast progress made in Railway Administration in India during the past five years, and the benefits to India of the separation of Railway and General Finance. His conclusion will be found *in extenso* in an appendix.

The discussion on the Railway Budget lasted from February 22nd to February 26th. As usual, a large number of cuts and omissions were moved by non-official members. The most important motion of this sort was one moved by a Swarajist Member for the omission of the demand for the charges of the Railway Board, the Central Controlling Authority of the Indian Railway System. The mover declared that the Railway Board was an arbitrary and irresponsible body because it was not appointed by the Legislative Assembly. It will be seen therefore that the debate on the motion was largely academic. It was carried in spite of the best efforts of Sir Charles Innes and other officials. The grievances of third class passengers were responsible for other motions for reduction, whilst alleged faults in the working and administration of the different railways were responsible for many others. The vast improvements of recent years in the financial position of the railways, in their technical equipment, in the quality of their service, and the rapid increase in the numbers of Indian employed in all departments came in for insufficient recognition, although it is doubtful if any railway Administration in the whole world has ever shown such improvement in such a short space of time.

Whilst the discussion on the Railway Budget was in progress, an incident occurred which showed how very rapidly and effectively the force of Indian public opinion can now be brought to bear on the executive. This was a motion for adjournment to discuss the alleged grievances of certain political prisoners in Mandalay jail.

The prisoners went on hunger strike because they said that the Burmese Government had not allowed them enough money to conduct certain religious ceremonies adequately. The motion for adjournment was moved by Mr. Goswami, a young Swarajist, who drew a harrowing but entirely imaginary picture of the indignities inflicted on political prisoners in Indian jails. He also quoted from the evidence given in 1915 before the Jail Committee by one Lieut.-Colonel Mulvany, in which the latter criticised adversely some features of Indian jail administration. Sir Alexander Muddiman, in replying to these allegations, admitted that Lieut.-Colonel Mulvany had made such statements, but he added that they were expressed in England as long ago as 1915 in evidence given before the Jail Committee. He maintained that it was unfair to expect him at short notice to deal with events which were eleven years old, but added that Lieut.-Colonel Mulvany's evidence was neither accepted nor supported, and that the Jail Committee had come to the conclusion that the jail arrangements made appeared to be eminently satisfactory, badminton and lawn tennis even, being supplied for some classes of prisoners. He emphasised that there was absolutely nothing to support the statements of this officer. In fact, everything went to disprove them. The House, he contended, was not in possession of the facts concerning the hunger-strike, and although he had telegraphed to Burma he was yet without full information. He added that he had a petition before him from the detenues in question asking for more money. This petition made absolutely no mention of ill-treatment because he believed none was meted out. "There are men in this House," he concluded, "who have been detained under Regulation III. Let them get up and say whether they have been ill-treated."

The principal argument of several speakers who followed was that without inhuman treatment there could have been no hunger-strike, but a more personal note was introduced by Mr. Bepin Chandra Pal who confessed that he had been in a jail under the administration of Lieut.-Colonel Mulvany. He admitted that he was not ill-treated by this officer but he emphasised the fact that he was a strict disciplinarian. One of his main complaints against the restrictions under which Regulation III prisoners were placed was that they were denied some of the amenities of social intercourse. He asked why these gentlemen were in jail at all. Lala Lajpat Rai piquantly recalled his experiences as a political prisoner in Mandalay. His principal complaint was that he was made to go without newspapers for a period of six months, during which time he was also not allowed to interview his relatives.

Sir Charles Innes asked the House to drop the matter until there had been time to procure more information on the subject, but this did not prevent a division of 67 to 40 in favour of the motion for adjournment.

Sir Alexander Muddiman's speech was corroborated in a striking and unexpected fashion a few days later by Maulana Shaukat Ali, whom nobody can accuse of being biassed in favour of the Government. The Maulana visited Mandalay Jail in order to see for himself how political prisoners were treated. The following is an extract from a public statement which he made after his visit.

> "We went inside, and stayed with our friends for over three hours. They are living in an enclosure by themselves.

> A two-storeyed wooden block is allotted to them. They practically live comfortably. Bedding is sufficient. Furniture, book-cases, dressing materials and other conveniences are provided. Down below in partitioned compartments, the convicts looking after them live. Next to it, is the dining room. A new kitchen has been built for them. Four cooks from Bengal are provided. There are two tennis courts in the compound. The Superintendent has provided a small swimming-bath with a pump for fresh water attached. All spoke highly of the Superintendent and the Jail staff. When I entered, they were all lying in their easy chairs. I am glad to report they looked cheerful and in fair health, I could see that my visit pleased them. They were all smiling and anxious to please me. I expressed to them my desire to break their fast. They said they would obey me, but I was to hear what they had to say, as they had taken a vow not to take any food unless their religious rights were fully recognised. They all felt very bitterly that their desire for performing the necessary *pujas* on holidays was treated with so much contempt. They told me it was not the question of money that forced them to take this serious step but the feeling that the Government was absolutely callous about it and wanted to humiliate them as much as possible. This studied indifference and contempt made them very bitter."

The concluding words are hardly borne out by the above extract and it is more than likely that political prisoners anywhere in the world would willingly change places with their fellows in India.

The discussion on the general budget began on March the 4th and the detailed demands were tabled for March the 8th. It will be remembered that the Cawnpore Congress had resolved that Swarajists should vacate their seats in all legislatures failing compliance by the Government of India with the terms of the Resolution of February 18th, 1924, which have already been noticed. As the date for the presentation of the general Budget drew near, it became increasingly clear that Pandit Motilal Nehru meant to act on that resolution. It was also quite clear that some members, particularly some of the younger members of the Swaraj Party in the Legislative Assembly, were far from welcoming his resolve. On March the 6th and 7th the All-India Congress Committee met at Raisina, the new Imperial Capital 5 miles from Delhi, and confirmed the Cawnpore Resolution.

The statement which Sir Basil Blackett, Finance Member, laid before the Assembly, was the most favourable which that body had ever considered and, indeed, was one calculated to make India the envy of the whole world. At the outset the Finance Member assured the Assembly that the cotton excise duty had definitely expired and he was able to follow this pleasing information with the announcement that the figures for 1924-25 displayed a surplus of Rs. 5,68 lakhs, or nearly Rs. 1,69 lakhs more than was anticipated a year ago. He explained that the increase was mainly accounted for by considerable saving in military expenditure, a statement which was received with applause, and in an increase in the contribution from the railways. Undoubtedly there were some who were disappointed to learn that the relief accorded to the mill-owners was not to go hand in hand with relief to the consumer in the shape of lowered customs duty on imported cotton goods.

Sir Basil Blackett proceeded to review the year 1925-26 with special reference to the fall in prices which had been a feature of this period. He informed the House that the index figure had come down from 176, at the end of December 1924, to 163 at the end of December 1925. Apart from the cotton industry, trade figures for the year had been good, the visible balance, including private imports of treasure to the end of January, being nearly Rs. 86 crores, compared with Rs. 42 crores a year ago.

Turning to revenue and expenditure, he announced that the gross customs receipts were Rs. 30 lakhs higher than the Budget figure, whereas the net receipts, more especially because of a saving of Rs. 20 lakhs under refunds, were Rs. 50 lakhs higher than anticipated in last year's Budget. The suspension of the cotton excise had resulted in a loss in receipts of Rs. 71 lakhs, but the deficiency had been made up and the increase made possible by the protective duties and the import duty on sugar.

Referring to the proposed application of the surplus revenues, the Finance Member announced an important departure from the Government's usual course. This was a proposal to utilise Rs. 50 lakhs of the amount for the formation of an Indian Archæological Fund, as the Archæological Department had found it impossible without being able to offer security of tenure, to train young Indians as archæologists, or to frame a considered programme for research and excavation. Sir Basil Blackett spoke of the project in enthusiastic terms, and he expressed the hope that the fund once started would be considerably augmented by Indian Princes and by cold weather visitors to India whose sense of the romantic is always stirred by the inspection of India's wonderful monuments.

Sir Basil next gave an explanation of the real improvement in the finances of the Government of India during the last few years as reflected in the figures of the Public Debt, the debt position generally, and in the story of the Government's ways and means operations, a recital which showed that there are but few countries in the world in the present satisfactory position occupied by India. He explained that the Government intended to confine itself to the issue of a rupee loan in the Indian money market for a sum not exceeding Rs. 22 crores, 20 of which will be for the renewal of bonds maturing next September. Thus the net amount of new money required from the Indian market will not exceed Rs. 2 crores, which is less than the amount required to pay off the external debt in London. He emphasised that the whole of the new capital programme, amounting to more than Rs. 35 crores, would be financed without recourse to market borrowing. He proceeded to outline the productive policy favoured by the Government to induce the investor to turn not only to gilt-edged securities, but also to banking and kindred productive channels. He made a particular reference to Post Office cash certificates as encouraging the investment habit, but announced that changes were in view in regard to this profitable source of income, as the yield of 6 per cent. compound interest was considered to be unduly high. Turning to the Budget estimates for the year 1926-27 the Finance Member dealt at length with the figures for military expenditure which showed a reduction of Rs. 137 lakhs, as compared with last year's Budget, thus marking a further stage in the advance towards the goal set by the Inchcape Retrenchment Committee. In this connection he paid a wholehearted tribute to the late Lord

Rawlinson for his co-operation and earnest determination to secure economy.

Civil expenditure, he explained, although it showed an increase of Rs. 30 lakhs over last year, in reality was a great deal less, as last year there had been a non-recurring credit of Rs. 181 lakhs on account of the transfer of postal and telegraphic stores from revenue to capital. Speaking of the Posts and Telegraphs Department as far as it concerned the revenue side, he warned the Assembly that he expected a loss of Rs. 10 lakhs and an additional loss of Rs. 7 lakhs on the working of the Indo-European Telegraph Department, a prophecy which constrained him to remark that he felt that the days of the three pie postcard and the half anna letter had passed beyond recall.

Summing up, Sir Basil Blackett estimated the total revenue for the ensuing year at Rs. 133,43 lakhs, against an expenditure of Rs. 130,38 lakhs which gave a surplus of Rs. 305 lakhs, out of which however Rs. 175 lakhs were disposed of by the abolition of the Cotton Excise duty. After discussing various features of the estimates, he announced that the Government had come to the conclusion that there was no undue risk in treating the whole surplus as recurrent, and therefore it proposed to apply Rs. 125 lakhs to the further reduction of Provincial contributions. Here the Assembly displayed an air of impatient expectancy and the Finance Member announced that Rs. 57 lakhs would go to Madras, Rs. 33 lakhs to the United Provinces, Rs. 28 lakhs to the Punjab and Rs. 7 lakhs to Burma, a statement which delighted some and disappointed others. In this further concession to the spirit of the Meston award they saw the removal of further stumbling blocks which have tended to retard the progress of the reforms in some Provinces. In essence the report of the Muddiman Committee was that but for provincial financial stringency the path of the reforms would have been easier.

Sir Basil concluded his statement with the following words:—

> "I ask those who profess unending dissatisfaction with the Reforms and denounce them as a sham, and the Government as insincere and unresponsive, does the financial story of these three short years justify depression or despondency? In that brief space we have immensely improved our financial machinery and have progress-

ed nearly half-way on the road to extinction of the Provincial contributions, and we have reduced the Salt Tax and abolished the Cotton Excise Duty. For five years the Reformed Legislatures have been at work in India. It is true that weather conditions have on the whole favoured us, and that the level of taxation is still high in comparison with 1914, though not in comparison with other countries. But to me it seems undeniable that the association of chosen representatives of the people of India with the Executive Government and their constant interaction the one upon the other in the Assembly and the Council of State have enabled India to win through the inevitable discomforts of the period following the war with a measure of success that makes her financial position the envy of other nations and could scarcely have been possible without the Reformed Constitution. The members of this House appear to me sometimes to fix their attention so earnestly on what are called political questions as to overlook the steady advance towards the goal of constitutional self-government which is being registered day by day in administration and in finance. Mr. Coates, the present Prime Minister of new Zealand, made a confession of faith in a speech delivered last May soon after he succeeded to the Premiership, which deserves, I think the careful consideration of those who are working for India's future. 'It may seem,' he said, 'that I have unduly stressed the financial and administrative aspect of Government. My six years of Ministerial service, however, have convinced me that intensive application of the principles of sound finance to every function of Government is ever essential in the public interest. It is from that solid foundation created that we can build the structure of our public services and enable the development of our country to proceed . . . . Only by judicious care and foresight in setting our financial foundations is it possible to devote the necessary attention to all our citizens.'

"The Government of India and this Assembly have not always seen eye to eye on financial questions, but the

> record shows that we have worked together, not without reward, to establish a foundation of financial stability far more firmly based than when we began. We leave to the next Assembly the task of building on those foundations with firm assurance, that though all the difficulties are not surmounted and though new anxieties may arise, they will not have to complain of our work of preparation and will find their financial heritage a source of strength in advancing to the solution of the political and constitutional tasks which await them."

The complete text of the speech will be found in an appendix.

Such a Budget as this was practically invulnerable and the skill with which it was presented clearly disconcerted the opposition. The Swarajists, in pursuance of their decision to walk out of the house and have nothing to do with the Budget, took no part in the general discussion on it, nor did the Independents. Consequently the debate was a short one and the only criticism of any weight was one on behalf of the Bombay Government declaring disappointment with the distribution of the relief granted in respect of provincial contributions. The speaker wanted the whole question of the Meston Award to be re-opened. Field Marshal Sir William Birdwood, Commander-in-Chief, made a statement showing the immense reductions in Military Expenditure, which had been made in recent years.

The debate on the Budget was resumed on March the 8th, when individual demands were submitted for sanction. The day proved to be a memorable one. Independents and Swarajists had agreed to combine in rejecting the first grant and they hoped to induce the Government to lay itself open to attack by an united opposition, by changing the order of the grants so that the Executive Council grant might be discussed first. This grant happened to be the 28th on the list, and Mr. Jinnah, leader of the Independent Party, accordingly moved that the discussion on all earlier grants be adjourned.

The Home Member intimated that he was prepared to leave the decision in the hand of the President, but other non-official Indian members spoke against the resolution declaring that it contained an element of surprise. They had come, they explained, prepared to speak upon Customs and the other subjects which preceded the Executive Council grant, and they laid stress upon the Constitutional issue involved.

The President, in ruling Mr. Jinnah's motion out of order, appealed for a better understanding between the Treasury and Opposition benches, and pointed out that if it were really the desire of the House to discuss a particular grant, there was nothing to prevent it moving the adjournment of the debate on each preceding grant, as it came up for discussion. Accordingly as soon as Sir Basil Blackett had introduced the first grant concerning Customs, Mr. Jinnah moved the adjournment of the discussion remarking that the most appropriate grant on which they could base their vote of censure was that for the Executive Council.

Sir Alexander Muddiman pointed out that the Swarajists and Independents could satisfy their desire for a vote of censure to the fullest extent on the grant for Customs, on which also it was just as easy to base a Constitutional debate as upon the grant for the Executive Council at this point.

Pandit Motilal Nehru intimated that it did not matter to his Party which grant came up first, as he had now decided that he and his supporters would abstain from a division. After two more speeches had been made, Mr. Jinnah's motion for the adjournment of the Customs grant was put to a division, but was lost by a large majority.

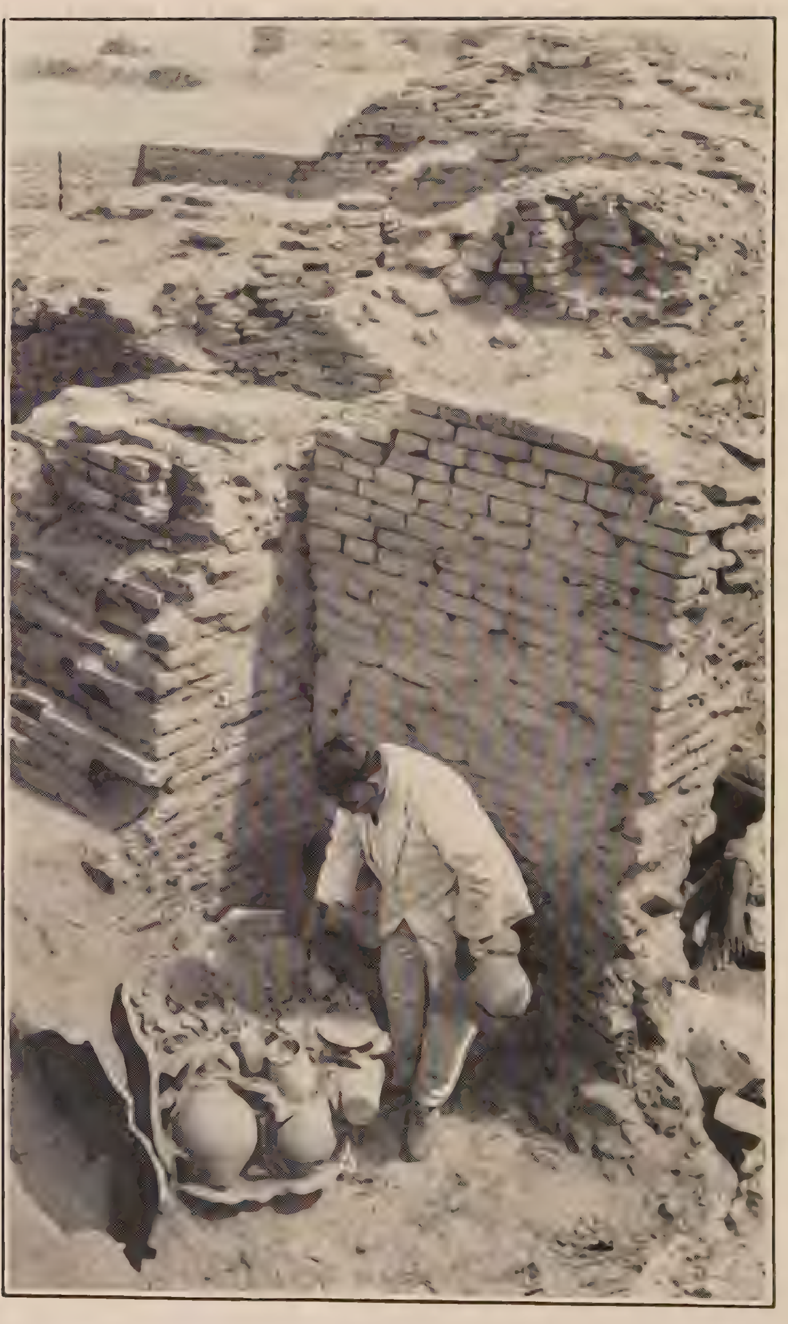
The public galleries were crowded with visitors eager to witness the Swarajists' withdrawal and there was much excitement among them when Pandit Motilal Nehru rose to make his final speech to the House. He said that the terms of honourable cooperation offered by the late Mr. Das had been contemptuously rejected. He alleged that the Swarajists in the Central Legislature had shown the fullest co-operation of which they were capable. They had worked the Reforms for 2½ years and now they had been humiliated. He said that some of the noblest sons of India had been shut up in jails. He warned the Government that unless it took great care, it would find the whole country honeycombed with secret societies. On the conclusion of his speech he walked out with all his followers.

Sir Alexander Muddiman rose to make a brief reply. He deplored the exodus which, he said, would not improve the cause which so many well-wishers of India had at heart. He emphasised that the Swarajists had entered the Councils more to obstruct than to construct, but he took heart in the fact that whereas in the first Assembly they had been entirely absent, in the second they had remained until its life was practically ended.

The President then adjourned the House after making an announcement which created a profound sensation. He declared that as the strongest party had vacated the Chamber, the Assembly ceased to retain that representative character required by the Government of India Act. Its province would be merely to register the decrees of the Government and, therefore, it was for the Government to consider whether this Assembly should continue to function. He asked the Government not to introduce any controversial legislation, as otherwise he might be forced to use the extraordinary powers accorded under the Act of adjourning the House *sine die*.

The President's remarks concerning the now unrepresentative character of the House naturally aroused in the remaining non-official members a desire for some further explanation, and a small deputation from these members waited on him. After a brief consultation with them, the President announced his intention of making a statement the next day. Accordingly, before the beginning of the proceedings on March the 9th he addressed the House as follows:—

> "The remarks which I made yesterday have been taken by several non-official members of this House as a reflection on them. It is my duty to assure them that I did not mean to cast any reflection on them. What the Chair intended to emphasise was that the Government should not take advantage of the numerical weakness of the representatives (of the people) in the House, and bring forward measures of a highly controversial character, except such as were necessary for the discharge of their responsibilities and the carrying on of the administration. I might add further that I felt, on reflection, that the Chair should not have made reference to its own powers, or have used language which



STUPA II.—JARS SHOWING CONTENTS.
Excavations at Mahenjo Daro.

> might perhaps be construed as a threat to the Government, but should have awaited further developments before deciding on my course of action."

To this Sir Alexander Muddiman, leader of the House, replied:—

> "I confess I left the House yesterday with a feeling of profound oppression. I will add nothing to the situation beyond saying that your words to-day have done much to relieve that feeling."

There is no need to describe the further Budget proceedings in detail. It will be sufficient to mention only the rejection of the proposed endowment by 50 lakhs of Archæological Research and a debate on a motion moved by Mr. Jinnah in connection with the grant for the Governor General's Executive Council asking for the formation of the Statutory Commission on Indian Reforms at an earlier date than 1929.

Before the discussion on the Archæological grant took place, it was known that considerable opposition would be made to it by the Assembly. Mr. J. W. Bhore, Secretary in the Education Department, in a speech of uncommon interest, described the work of the Archæological Department, particularly its recent discoveries of a Sumerian civilization going back thousands of years before the Christian era in Sind and Baluchistan, and asked the House to agree to the proposed grant of 50 lakhs to the Department. He was opposed by Diwan Bahadur Rangachariar, Deputy President of the Assembly, who said that in view of Indian poverty a sum of 50 lakhs could be expended in more profitable ways than the subsidising of Archæology. The fate of the grant was sealed when Colonel Crawford announced the opposition to it of the non-official Europeans. The motion was negatived.

The debate on Mr. Jinnah's motion asking for a Royal Commission on the Constitution occupied two days. He maintained that on the whole, although there was a large section of the body politic which considered the Reforms to be unsatisfactory, the Councils and the Assembly had offered co-operation. The Government's spokesmen, from the Secretary of State downward had repeatedly asked for co-operation from Indian politicians as a preliminary to the grant of a Royal Commission earlier than the statutory date 1929. Mr. Jinnah maintained that the demand for the Royal Commission was backed by representatives of all schools of Indian opinion and he asked the Government if they were going to penalise the whole country because one small section of politicians would not yield to their demands in just the way which they desired. He maintained that the Legislative Assembly had co-operated in all important measures. He appealed not only to the nominated members, but also to the non-official Europeans to support him in his demand for the appointment of a Royal Commission to consider the Reforms.

An important contribution to the debate was made by Sir Darcy Lindsay, who asked the Government to give Mr. Jinnah and his party some encouragement. He pointed out that there was much in common between the Independents and non-official Europeans. He said that he personally would like to respond to Mr. Jinnah's appeal, because he appreciated the good work of the Independents but he felt that recent happenings had again put the clock back, so that favourable conditions for a statutory enquiry did not exist. Diwan Bahadur Rangachariar, Sir Hari Singh Gour, Sir Sivaswamy Iyer and other leading members of the Assembly supported Mr. Jinnah. Sir Alexander Muddiman replied and the obviously deep feeling with which he spoke impressed the House and gave weight to his words. It was not right he said, to charge the Government with stagnation when they had undertaken numerous measures for the good of India. " What about discriminating protection?" he asked. " What about taking Companies Railways under state management? What about the separation of railway finance from general finance? What about the debt redemption scheme? What about the opium policy? What about the Royal Indian Navy? What about the Army?" Progressive measures relating to all these subjects had been introduced by Government and put into force. Many other similar progressive Bills had also been brought forward by the Government and rejected by the Assembly. There was no stagnation, he declared. He wondered if so many measures could have been passed by a popular government when the electorates were still illiterate.

Proceeding, the Home Member said that Government and people of India owed a debt of gratitude to Sir Basil Blackett for his work in the Finance Department and more particularly in respect of the present Budget. He did not want to say anything which might prevent the return of the Swarajists to the Assembly, but he feared that unless he explained the position there might be those who would misrepresent the facts. Mr. Jinnah had asked for a Royal Commission, because he was satisfied in his own mind that he could succeed in getting a further advance. If that were not so, no Indian could ask for a Commission. But was there sufficient evidence to prove the necessity for an advance? The Reforms had worked for five years. In the first Assembly, the non-co-operators were not present. They came to the second and were the largest group. Their avowed intention was to render the work of the Reforms impossible, but they were influenced by their association with others. It could not be said that the Government provoked the breaking down of the Reforms. On the contrary they had exercised great patience in the face of great provocation. It was the duty of the Government to carry out the avowed policy as laid down by the Act. The non-co-operators who came to curse remained to bless, and at the end of a dying session, they walked out.

The Royal Commission would not come to merely register the decrees that had been already formulated, but to examine evidence of co-operation. In the Central Provinces Council the Swarajists refused the Salaries for Ministers. On those facts, how were they to go to a Commission? By their work they would be judged. The last words had never been said, the door was still open to them to secure that advancement of the date of the Royal Commission which was so strongly desired on the conditions previously laid down.

The position of the Home Member he likened to that of a "watchman on a tower looking out at the night." The King sends messengers who ask "Watchman, what of the night"? and the answer I frequently have to give is: "The night is very black." How long am I to continue to give that answer? When will the people of India enable me to say "The dawn is breaking."

The second day of the debate saw excellent speeches from Mr. Baptista, Sir Charles Innes and Mr. S. R. Das, Law Member. Mr. Baptista denounced the Swarajists' withdrawal from the Assembly and condemned the interference of the Indian National Congress in Assembly affairs. He said that India wanted a better constitutional machine than the one she now has, and pleaded with the Government to conciliate the Swarajists. Sir Charles Innes emphasised the magnitude of the changes introduced by the 1919 Act, and showed how the opportunities offered by the Act had been rejected and despised by the Swarajists. Mr. Das roundly declared that the co-operation which the Swarajists had shown in the Assembly was not due to any goodwill but had been forced upon them by circumstances. They would have pursued their destructive tactics, had they been able to retain the Independents as allies. In a very destructive passage he showed how Pandit Motilal Nehru had been forced into the Cawnpore resolution because he wanted to prove to the world that he had not really been co-operating with the Government. He finished his speech with a rousing challenge to Independents, Liberals and Nationalists to get together and fight the Swarajists and beat them out of the field at the next elections—a conclusion which drew loud applause from every part of the House. In the end Mr. Jinnah's motion was rejected by 47 votes to 31.

This long debate ended the Budget discussion, for shortly after its conclusion, the guillotine fell and the remaining demands went through automatically.

The foregoing discussion and the work of the Delhi Session of 1926 is, of course, concerned almost entirely with the Legislative Assembly, but it is necessary to say here something about the work of the Council of State. It will be remembered that this was the first session of the newly elected Council. Lord Reading, in order to mark the importance of the occasion, opened the session of the Council separately. His inaugural speech contained an announcement of quite extraordinary interest, namely, the decision of the Imperial Government to create an Indian Navy.

A Departmental Committee on the reorganization of the Royal Indian Marine was convened at Delhi in February 1925 by the Government of India, with the concurrence of the Secretary of State for India and the Admiralty. The following were the members of the Committee:—

President.

His Excellency the late General Lord Rawlinson, G.C.B., G.C.S.I., G.C.V.O., K.C.M.G., Commander-in-Chief in India.

1. Rear-Admiral (now *Vice*-Admiral) H. W. Richmond, C.B., R.N., late Commander-in-Chief His Majesty's Ships and Vessels, East Indies Station.
2. The Hon'ble Sir B. N. Mitra, K.C.I.E., C.B.S., Member of the Council of the Governor-General of India.
3. E. Burdon, Esq., C.S.I., C.I.E., I.C.S., Secretary to the Government of India, Marine Department.
4. Captain E. J. Headlam, C.S.I., C.M.G., D.S.O., R.I.M., Director of the Royal Indian Marine.

The task of the committee was to draw up a scheme for the purpose of putting into effect a policy defined as in the following formula:—

> "The reconstruction of the Royal Indian Marine as a combatant force, to enable India to enter upon the first stage of her own naval development, and ultimately to undertake her own naval defence."

Their terms of reference were as follows:—

> "To prepare a scheme for the re-organization of the Royal Indian Marine so as to form the nucleus of an Indian Navy, with special reference to—
>
> (*i*) The functions to be ultimately performed by the Indian Navy and methods of employment with a view to its undertaking those functions.
>
> (*ii*) The number and class of vessels that can be maintained with the available budget allotment.
>
> (*iii*) Recruitment, strength, training and conditions of service of personnel.
>
> (*iv*) Relations between the higher command of Indian Navy, Government of India and Commander-in-Chief, East Indies, including the proposed appointment of Chief of the Naval Staff, India.
>
> (*v*) Provision for, and maintenance of vessels including the continuance, or abolition, of the Royal Indian Marine Dockyard."

Dealing with the functions of the new Navy, the Committee reported as follows:—

> " By far the most important aspect of the new force in its early stages will be its duty as a training squadron. The new personnel will need to be thoroughly trained in gunnery, minesweeping, harbour defence and sea-manship. In this connexion we cannot insist too strongly on the ships of the Indian Navy becoming from the first a sea-going force. Efficiency and enthusiasm alike will melt away if the new navy remains in port, and practises nothing but harbour defence. A valuable service which we think that the Indian Navy should be able to undertake in the near future, will be the responsibility for policing the Persian Gulf in peace time, by which means that three vessels maintained in those waters by the Imperial Government will be set free.
>
> Of the other duties at present performed by the Royal Indian Marine we consider that the Marine Survey should be retained, as its work in peace and war is essential to a fighting sea service.
>
> The control of the station ships at Aden, Port Blair, Rangoon and in the Persian Gulf, to attend to the conveyance of troops and officials, and to supervise the work of lighting and buoying in the adjacent waters, should not be a function of the new navy. The retention of these responsibilities would not be, in our opinion, compatible with the development of a fighting force. The work of carrying troops can be contracted for commercially at rates which could hardly fail to be cheaper than the existing arrangement.
>
> The new service should also be responsible for Marine transport, at present carried out by the Royal Indian Marine. The cost of storage and maintenance, in this connection, will be a charge against the Indian Navy.
>
> The functions of the Indian Navy in peace time will, therefore, be as follows:—
>
> (*a*) The training of personnel for service in war.
>
> (*b*) The services required by the Indian Government in the Indian Ocean and Persian Gulf

(*c*) The organization of the Naval Defences at Ports under the control of the Indian Government.

(*d*) Survey work in the Indian Ocean.

(*e*) Marine transport work for the Government of India.

We recommend that in accordance with its new functions the service should be known as the Royal Indian Navy and should fly the White Ensign, which is the recognised flag of the Naval fighting forces of the Empire."

For the carrying out of these functions, the Committee recommended the formation of a squadron of 4 sloops, 2 patrol craft vessels, 4 trawlers and 2 survey ships, together with one depot ship. They pointed out that as soon as the Indian Navy was able to undertake the work of the Royal Navy in the Persian Gulf, it would be necessary to add at least 2 sloops to this force.

The Committee further recommended that King's Commissions, similar to those held by officers in the Royal Indian Marine, should be granted to officers in the new Indian Navy. Indians were to be eligible for these commissions. Other recommendations of the Committee dealt with the recruitment and training of personnel, the Command of the Navy, the maintenance of vessels and the like.

In his inaugural speech to the Council of State, Lord Reading, when making the announcement regarding the Navy, justly emphasised the great importance of this new departure. After he had outlined the above recommendations of Lord Rawlinson's Committee His Excellency continued. "I need not emphasise to the Honourable Members of this Chamber the significance of this decision. It embodies an important principle. Thinking men in India have long desired the creation of Indian Navy for India capable of defending her coasts, her harbours and her commerce. That laudable ambition will now have its scope.

Let me dwell for a moment upon two features in the announcement. To the imagination of those, who understand the traditions of the British Empire, the privilege granted to the Indian Navy of the future to fly the White Ensign should appeal with special significance. India by this is directly admitted at the outset of her naval career to share in the record of the centuries of proud and gallant traditions for which that Ensign stands.

To Indians a new and honourable career of national service has been opened. The recommendation of Lord Rawlinson's Committee has been accepted that Indians desiring to qualify for Commissions in the Indian Navy should receive special facilities for suitable education in earlier years and later for technical training in the naval profession. I look to those who elect to set out on this career to use every effort to fit themselves for their task to foster an *esprit de corps* and to found here in India those traditions of high efficiency and courage which the pages of history commemorate as the proud possession of the Navy of Great Britain."

It must be confessed that the response given to this announcement by certain sections of the Indian Press was not very encouraging. Criticism was expressed both of the scope of the new Navy and also of the motives underlying its creation. Much of this criticism was due to the tendency prevalent in part of the Indian press to criticise the acts of the Government merely because they emanate from the Government, but also much of it arose from the natural circumstance that a people of which many sections have no maritime traditions could not be expected immediately to perceive the vast importance of an Indian Navy, not only for the actual defensive arrangements of India, but also for the whole question of the Imperial and International status of India. It is to be hoped that the future will bring a juster appreciation of these things and in consequence a real pride in and enthusiasm for the Indian Navy.

In the same speech Lord Reading discussed the question of India's Opium Policy, whose importance is international. This will be described in another place.

One of the outstanding items on the Agenda of the Council was a resolution asking for the appointment of a Royal Commission to enquire into the working of the Indian Constitution. It was ably moved by Mr. P. C. Sethna of Bombay who emphasised its importance from the point of view of the large majority of Indians who took an active interest in politics. Mr. Sethna pointed out that All-India Congresses, Conferences and Federations of all sorts had recently stated their views on the Indian Constitutional question, and he stressed the significance of the revolt of the Responsivists from the Swaraj Party. He brought forward his resolution in the light of all these circumstances and of the constitutional history of the past five years. He declared that the present constitution had failed to give that training in responsibility which had been expected of it, not owing to the obstructive tactics of the Swarajists, but because it was in essence defective. He then discussed and emphasised the unanimous and insistent demand for further constitutional advance and said that even if the Government disagreed with this demand, a Royal Commission was the best authority to decide the issue. He declared that India had complied with the request for co-operation. He ended his speech with an eloquent appeal to Britain to stoop to conquer the heart of India.

An amendment moved by Seth Govind Das asked the Government to comply with the resolutions passed in the Legislative Assembly in February 1924 and September 1925, whose provisions have been already noticed. An amendment to this amendment was moved by Mr. P. C. Desika Chari who wanted the same thing as Seth Govind Das but suggested that a Royal Commission should be formed forthwith to formulate a scheme for implementing the constitutional changes desired. Seth Govind Das said that he had no faith in Royal Commissions and asked that Parliament be moved at once to embody the fundamental changes envisaged by the 1924 and 1925 resolutions in the constitutional and administrative machinery of India. Mr. Ramdas Pantalu agreed that the Swarajists had co-operated honourably with the Government, asked the latter for "a change of heart," and wanted some guarantee of progress on the lines desired by the Swaraj Party.

In his reply to the main resolution, Sir Alexander Muddiman was at pains to show that the Royal Commission contemplated by the 1919 Act would certainly not come out to India with a mandate to introduce any specified changes into the Indian constitution. It would, on the other hand, conduct a searching inquest into Indian political conditions, form its own conclusions and base its recommendations on these. He pointed out that the existing political institutions of India gave power and must be worked before any further constitutional changes could be made.

Lala Ram Saran Das from the Punjab asked Government to be generous and assemble a Royal Commission at once. The

Maharajadhiraja of Burdwan, however, stressed certain present day conditions in India which are inimical to immediate constitutional advance and repeated that the best way to get a further instalment of reforms was to work the present constitution whole heartedly. Mr. Khaparde, on the contrary, believed that Government would make a great mistake if they did nothing to meet the terms of Mr. Sethna's resolution, for they would be putting a weapon into the hands of those whose business it was to create enmity between them and the people of India. Sir Dinshaw Wacha reminded the Council that responsible Government implied a body of experienced men who could carry on the Government of the country and he asked where such a body was to be found in India. He deprecated the behaviour of those who did not try to use the Reforms which had been already granted, but, instead, tried to create unrest in the country. Mr. Sethna's resolution was negatived by the Council.

Two other resolutions whose importance can be perceived from a foregoing discussion on this subject, were those relating to the creation of a self-governing Tamil-speaking province and the formation of a separate Kannada Province. The former resolution which was moved by Sir C. Sankaran Nair raised the problem of provincial autonomy in its most extreme form and it is possible that its mover had not fully considered its implications. For its adoption, if for the moment one may dally with such a thought, would create an Imperium in Imperio, a part of India presumably independent of the Indian Government. Mr. Crerar, in a speech which shattered the argument of the mover of the resolution, put the case against it clearly and forcibly. The debate extended over two days and resulted in the resolution's being negatived. The resolution for the formation of a Kannada Province was moved on the day following the rejection of Sir C. Sankaran Nair's resolution and was negatived after a short discussion.

On the 17th of March the Council showed its appreciation of the eminent services to India of Their Excellencies the Earl and Countess of Reading by adopting the following motion, which was carried unanimously—all members standing:—

> "That this Council do convey to Their Excellencies the Earl of Reading, Viceroy and Governor General of India, and the Countess of Reading on the eve of their de-

> parture from India, the humble expression of the Council's grateful appreciation of and heartfelt gratitude for all that Their Excellencies have done for India."

The Delhi Session of the Legislature ended on March 25th when Lord Reading went to address the members of the two Houses for the last time. His speech contained a grave and earnest review of the true character of the Reformed Constitution in India and a survey of some of the elements in Indian life inimical to its progress, and he finished with a personal message which deeply moved his hearers. "And now," he said, "let me abandon political discussion, and for a brief moment turn to personal considerations. Throughout my address to you to-day the sad reflection dominates my mind that it is the last of these occasions. I should not be human if I could remain unmoved in the face of my impending departure from India. The memories of these years will always be treasured by me. I cannot refer to them without associating Her Excellency in these expressions of profound regret at departure. For the moment all controversion are forgotten. I think only of the many acts of thoughtful kindness and sympathetic friendship throughout our stay in India. Inevitably my thoughts turn to the generous assistance Her Excellency and I have invariably received from India from Members of the Legislature and from all classes of the public in our labours in the cause of suffiering humanity. Her Excellency with the true instinct of woman and mother has made this her special avocation, and I know that she leaves grateful hearts behind her.

While I have been in India I have always striven to labour for her best interests. I have regarded myself as a link with her imperial connection charged with a mission to advance her greater destinies. I have kept an impartial mind, free from the trammels of parties or interests and fully pledged to the implications of her particular institutions. I may not have always succeeded, for human effort has its limitations; but believe me that to the best of my ability I have never fallen short in sympathy for India or desire to serve her. I take away most kindly recollections of her and she will always be in my thoughts. It is in this light that I would wish to dwell in your hearts also—as one who did his best to serve India."

After the Session.

Certain developments in the political and communal situation in India since the proroguing of the Delhi Session form an epilogue to it so important that it demands to be written, although the events to be described fall outside the period of this review. The Swarajist ' walk out ' of March 8th fell absolutely flat and even the hardiest extremists of the Swaraj Press could not support it save by strained and unnatural arguments far more damning to the die-hard Swarajists than any open condemnation could be. Almost immediately, important defections took place from the neo-Congress party represented by the Swarajist die-hards who had walked out of the legislatures, and there were ominous rumblings even among the remainder of the party. The leaders of the other parties were quick to grasp the opportunity given them by these circumstances and they arranged for a conference to be held in Bombay on April 3rd when they hoped to form a new National Party composed of Responsivists, Independents and Moderates. About 125 persons from all over India attended the Conference, these being fully representative of all shades of political opinion save the die-hard Swarajist, and non-co-operation. The conference was presided over by Sir Tej Bahadur Sapru, and those present included Sir Moropant Joshi, Mr. M. A. Jinnah, Mr. J. Baptista, Dr. R. P. Paranjpye, Mr. N. M. Joshi, Sir Dinshaw Petit, Pandit Madan Mohan Malaviya, Mr. Bipin Chandra Pal, Mrs. Anne Besant, Mr. J. Chaudhuri, Mr. Ratansey Murarji, Mr. B. Chakravarti, Mr. K. Nataranjan, Mr. C. Y. Chintamani, Mr. S. N. Malik, Lala Har Kishen Lal, Sir Chamanlal Sitalvad and Mr. M. R. Jayakar. These names show that the conference was probably the most representative political meeting held in India since 1921. The deliberations lasted for two days and ended in the formation of an Indian National party " to prepare for and accelerate the establishment of Swaraj or full responsible Government in India, such as obtains in the self-governing dominions of the British Empire, with a due provision for the protection of the rights and interests of minorities and the backward and depressed classes." It was resolved that the new party would employ all peaceful and legitimate means (not including mass civil disobedience or the general non-payment of taxes) with liberty, as and when necessary, to resort inside the Legislatures to responsive co-operation. It was no easy task to discover a common basis for representatives of such different schools of political thought as were present at the conference, and the concessions made by the orthodox liberals included the promotion of "a movement of individual or group resistance to authority for definite objects on particular occasions in particular localities." Though the conference declared that the Government of India Act of 1919 was inadequate and unsatisfactory, it realised that the existing constitution should be utilised to the fullest extent, including the acceptance of offices, to accelerate the revision of the constitution, to ameliorate the condition of the people and to advance their interests. The new Nationalist Party decided to make the necessary arrangements for fighting the next elections. Mr. Jayakar took part in the deliberations but was unable to join the Nationalist party until the matter had been considered by the Responsive Co-operators.

Pandit Motilal Nehru regarded the formation of the Nationalist Party as a challenge to the Swarajists, and described it as "a conglomerate in the first stage of geological formation." He realised that he could not easily afford to lose the Responsivists and in a speech at Lahore on April 10th he referred to Mr. Jayakar as his "erstwhile comrade" and acknowledged in a handsome manner the help he had received from Responsive Co-operators with whom, he added, he had very few differences. This was, perhaps, the first unambiguous recognition by the leader of the Swaraj Party of the seriousness of the split. Faced with the probability of the Responsivists definitely breaking off from the Swarajists, the Pandit referred to them in terms of high appreciation. After some negotiation it was decided to hold a meeting of the two wings of the Swaraj Party at Subarmati on April 21st to see if reunion were possible. Mr. Gandhi, who had decided to have a year's rest and had taken no part in the policy or the working of the Swarajists or in their walk-out, was present at the meeting, and among others who attended were Mrs. Sarojini Naidu, Lala Lajpatrai, Messrs. Kelkar, Jayakar and Aney and Dr. Moonje. Subject to the confirmation of the All-India Congress it was agreed among the signatories to the agreement arrived at Subarmati that the response made by the Government to the demand of February 1924 should be considered satisfactory in the provinces "if the power, responsibility and initiative necessary for the effective discharge of their duties are secured to Ministers." The sufficiency of such power, responsibility and initiative in each province was left to the decision of the Congress Members of the Legislative Councils concerned, subject to confirmation by a committee consisting of Pandit Motilal Nehru and Mr. M. R. Jayakar. General satisfaction was expressed at the conclusion of this agreement which came to be known as the Subarmati Pact. The ink on the pact was, however, barely dry when Mr. Prakasam, President of the Andhra (Southern India) Provincial Congress Committee, expressed dissent, and said that the position of the Congress had been compromised even more at Subarmati than it had been at Cawnpore. Dissatisfaction was also expressed by several other prominent Congressmen. The pact was differently interpreted by different persons. According to one interpretation the Swarajists had yielded to the Responsivists, the return of the Swarajists to the various legislatures from which they had withdrawn would follow, and the acceptance of office by the Swarajists had come within the range of practical politics. This, however, was not the interpretation of Pandit Motilal Nehru, who came forward with various explanations, in one of which he declared that three conditions had to be satisfied before offices could be accepted, namely:—

(1) that the Ministers should be made fully responsible to the legislature, free from all control of Government;

(2) that an adequate proportion of the revenues be allotted for the development of "nation-building" departments; and

(3) that Ministers be given full control of the services in the transferred departments.

It is interesting to note that in spite of these conflicting explanations, there was no refutation of the admission underlying the Subarmati Pact, that all through the years in which efforts had been made to wreck the constitution, there had been in that constitution something that could be worked to India's advantage. Explanations and counter-explanations continued and it soon became obvious that the battle would have to be fought afresh at a forthcoming meeting of the All-India Congress Committee at Subarmati which had been expected merely to register a formal assent to the pact. But when the Committee met it was found that the interpretations put upon the pact had already led to complications and the climax was reached when, before the meeting, a draft was put into the hands of the Responsivists which Mr. Jayakar publicly stated to be a " travesty " of the original pact and " a complete repudiation of the terms of the same under the guise and in the name of clearing doubts and differences about the interpretation of the pact." From that moment the split between the Swarajists and the Responsivists became more clearly pronounced than ever. The door of the Congress instead of being opened to let in Liberals and others has been closed for the present against all but the die-hard Swarajists.

The growing strain on Hindu-Muslim relations, which has already been discussed, led at the beginning of April to fierce and deplorable rioting in Calcutta. It started in an affray outside a mosque between Muslims and some Arya Samajists and continued to spread until April 5th, though there was only one occasion on which the police or military were faced by a crowd which showed determined resistance, namely, on the evening of the 5th April, when fire had to be opened. The firing was strictly controlled and did not exceed the barest requirements of the situation. It was significant that the bulk of the press had no complaint against the firing, some newspapers even declaring that a severer handling of the situation by the police had been called for. Apart from this incident, the rioting was confined to sporadic street fighting and isolated attacks. There was also a great deal of incendiarism and in the first three days the Fire Brigade had to deal with 110 fires. An unprecedented feature of the riots were the attacks on temples by Muslims and on Mosques by Hindus, which naturally led to intense bitterness. There were 44 deaths and 584 persons were injured. There was a certain amount of looting and business was suspended, with great economic loss to Calcutta. Shops began to re-open soon after the 5th, but the period of tension was prolonged by the approach of a Hindu festival on the 13th of April, and of the Id on the 14th. The Sikhs were to have taken out a procession on the 13th, but Government were unable to give them the necessary license. The apprehensions with regard to the 13th and 14th of April, fortunately, did not materialise and outward peace prevailed until the 22nd April when it was abruptly broken as a result of a petty quarrel in a street which restarted the rioting.

Fighting between mobs of the two communities, generally on a small scale, accompanied by isolated assaults and murders continued for six days. During this period there were no attacks on temples or mosques and there was little arson or looting. But there were more numerous occasions on which the hostile mobs did not immediately disperse on the appearance of the police and on 12 occasions it was necessary to open fire. The total number of casualties during this second phase of the rioting was 66 deaths and 391 injured. The dislocation of business was much more serious than during the first riots and the closing of Marwari business houses was not without an effect on European business firms. Panic caused many of the markets to be wholly or partially closed and for two days the meat supply was practically stopped. So great was the panic that the removal of refuse in the disturbed area was stopped. Arrangements were, however, made to protect supplies, and the difficulty with the municipal scavengers was overcome as soon as the municipality, had applied to the police for protection. There was a slight extension of the area of rioting, but no disturbances occurred in the mill area around Calcutta. Systematic raiding of the portions of the disturbed area, the arrest of hooligans, the seizure of weapons and the reinforcement of the police by the deputation of British soldiers to act as special police officers had the desired effect, and the last three days of April, in spite of the continuance of isolated assaults and murders, witnessed a steady improvement in the situation. Isolated murders were largely attributable to hooligans of both communities and their persistence during the first as well as the second outbreak induced a general belief that these hooligans were hired assassins. Another equally persistent feature of the riots, namely the distribution of inflammatory printed leaflets by both sides, together with the employment of hired roughs, encouraged the belief that money had been spent to keep the fight going. The Calcutta riots, have, unfortunately, greatly aggravated the communal tension. This new intensification of communal antagonism has found full expression in subsequent meetings of the Khilafat Committee and the All-India Mahasabha. The Khilafat Conference on the 9th May, decided to change its creed. In future, while keeping in view the aim of ridding the Holy Places and Jazirat-ul-Arab of non-Muslim control, it will promote the welfare of the Muslims of India in matters religious, educational, social, economic, and political. A resolution was also passed at the Conference calling upon Khilafat organisations to safeguard the lives and the property of Indian Muslims and to render them all material and moral support including the conduct of cases in courts. Feeling ran so high at the Khilafat meeting that when a member referred to Hindus as " brethren," there was an outburst from a considerable section of the audience who demanded the withdrawal of the word " brethren " and objected to its application to " Kafirs." On the other side, the working committee of the All-India Hindu Mahasabha, which met at Delhi on the 10th May under the Chairmanship of Raja Narendra Nath has condemned as utterly unwarrantable and unjust the attacks made by certain Muslims upon the procession of Arya Samajists, upon Hindu and Sikh temples and Gurdwaras, and upon unoffending Hindus. This Committee, has also attributed the outbreak in Calcutta to the inflammatory utterances of certain educated Mussalman speakers and publicists.

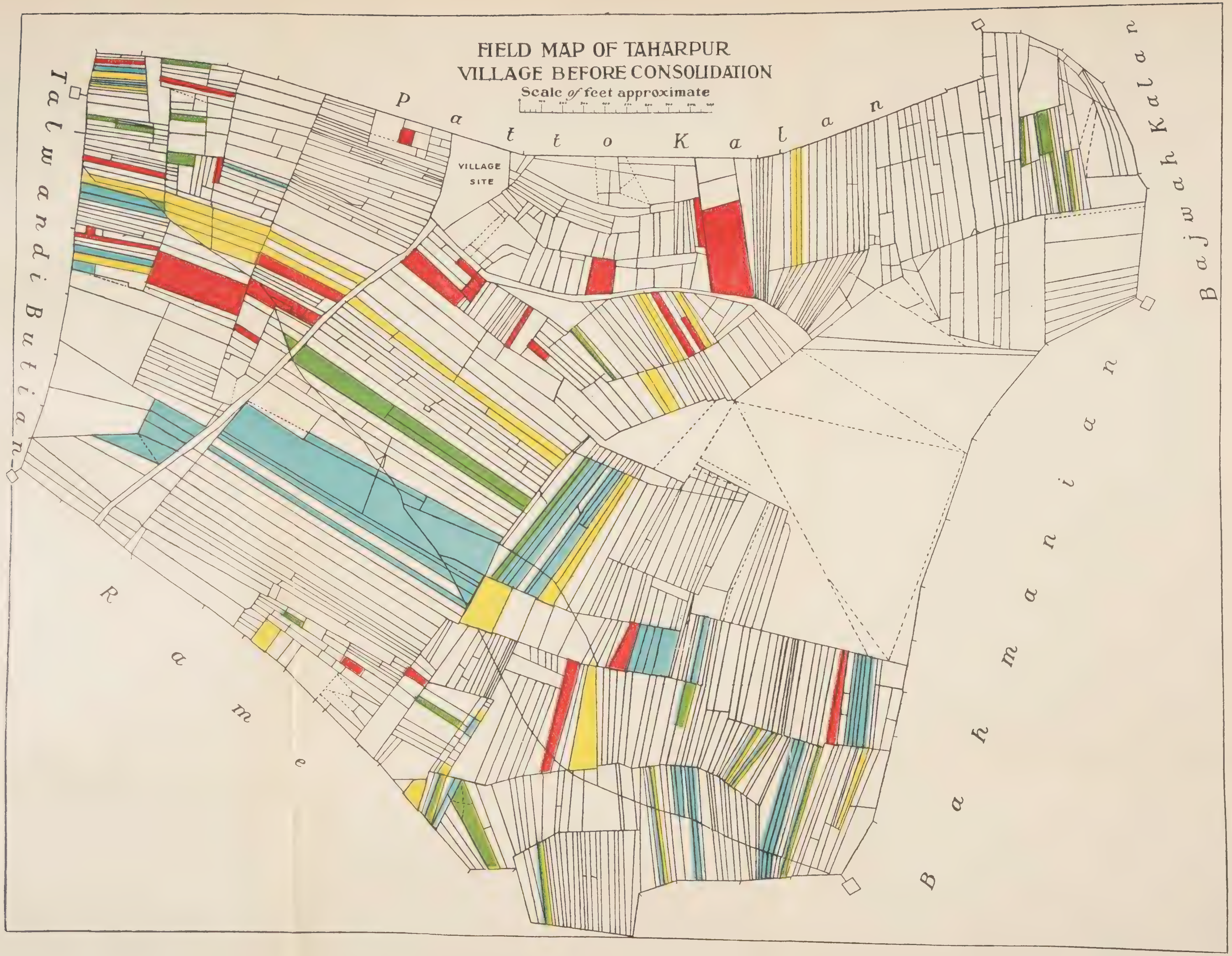
CHAPTER V.

The Provinces 1925-26.

(The first appendix to this book contains a slight description of the present constitution of India, and those to whom it is unfamiliar will find in that appendix an explanation of such terms as "Transferred," "Reserved" and the like, as well as an outline of present constitutional arrangements in the Provinces.)

The reports of previous years have shown that hitherto the greater part of the time which Provincial Legislatures have devoted to legislation has been taken up by Bills relating to local self-government. This was, perhaps, only natural, because local self-government is a transferred subject, and, of course, there is a vast amount of work to be done with regard to it in India. The year under review saw practically every provincial council still engaged with legislation relating to local self-government and such allied subjects as Primary Education, Rural Police and the like. Thus, the Bengal Council considered a Government Bill, called the Bengal Municipal Bill, 1925, whose object was to consolidate and amend the law relating to Municipalities in Bengal. After a brief discussion, leave to introduce the Bill was refused by the Council. Later in the year, the Bengal Village Self-Government (Amendment) Bill, 1925, was moved by a non-official member. This Bill had a limited object, namely, to amend certain provisions of the existing Village Self-Government Act so as to make popular control over village police more effective. After a long discussion this Bill was referred to a Select Committee. The Bombay Council had before it during 1925 a Bill to amend the City of Bombay Municipal Act, another to give wider powers in the management of Municipal affairs to certain cities, a third to amend the Bombay Local Boards Act, and a fourth to transfer the powers and duties of the trustees for the improvement of the City of Bombay, to the Municipal Corporation of Bombay. These were all Government Bills, but there were also a number of private Bills dealing with the same subjects, village police receiving attention here as in Bengal. Burma, Madras, the United Provinces, the Central Provinces and the Punjab also had Bills before their councils dealing with local self-government.

DIAGRAM No. 3


FIELD MAP OF TAHARPUR
VILLAGE BEFORE CONSOLIDATION
Scale of feet approximate
Patto Kalan
Bajwah Kalan
Talwandi Buttian
VILLAGE SITE
Bahmanian
Rame

Primary Education, in some provinces, was as popular a subject as Local self-government, and in other provinces the question of improving Civil Courts was much to the fore. But in every province of India during 1925, actual legislation occupied a comparatively small part of the time of the Councils. the greater part being taken up with questions and innumerable resolutions, ranging from the remuneration of unskilled labourers employed on survey work, to the release of political prisoners and other questions of high politics. Many of these resolutions and questions are of a kind to stimulate public interest to a high degree, and, consequently, they are apt to occupy an amount of time quite out of proportion to their value. Still, they show the fierce light which beats now-a-days on all the actions of Provincial Governments, and any subject introduced by them in which improvement is desirable and possible is assured of attention, whilst Local Governments are kept in the closest possible touch with all movements of public opinion.

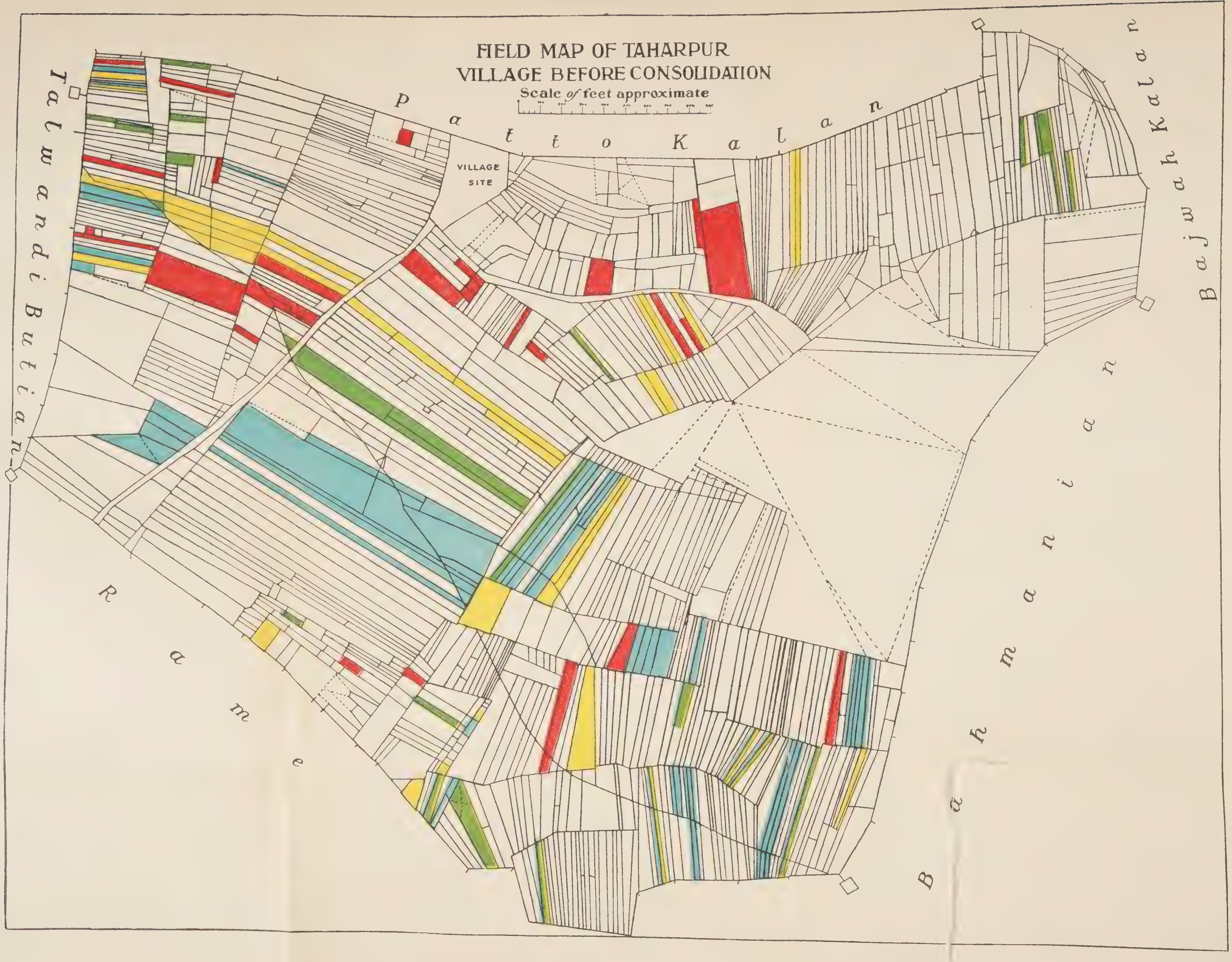
In such a vast subject as the activities of the Provincial Governments of India during the year, it is, of course, possible only to distinguish the main objects of these activities and study them in outline. The principal "transferred" subjects are: Co-operative Societies, Local Self-Government, Education (except European Education and Universities), Agriculture, Medicine, and Industries, whilst on the "reserved" side; police, law and order generally, and Irrigation, and University and European Education are the most important subjects. A survey of all these save irrigation, agriculture and industries, which will be discussed elsewhere, will occupy this chapter.

The importance of the Co-operative movement in this country need not be stressed. It is a truism that Agriculture is India's greatest industry and it is well-known that of all Indian problems none exceeds in importance the problem of the welfare of India's rural population, whether looked at from the point of view of the numbers of people concerned, or of its inherent difficulties and wide ramifications. The Royal Commission on Indian Agriculture will explore thoroughly every way in which the Government of India can help to improve the organisation, credit and marketing of the rural population, but, of course, Government action has its limits. The Co-operative movement with its ideals of self-help and mutual assistance carries on where Government action must perforce stop. The movement in India is now just over 20 years old and its history has been one of practically uninterrupted progress. The first Co-operative Societies Act in India was passed in 1904, and by the middle of 1925 the number of Societies had risen to 71,608, their membership to over two and a half million persons and their working capital to nearly five hundred millions of rupees.

I do not intend to give many statistics of the Co-operative movement in India, because here, as elsewhere, statistics may be misleading things. A mere recital of the number of societies in each province, their membership and capital, can give no true and adequate description of the present state and progress of the movement, for the only statistics of value are those which relate to good societies, and perhaps the most important figures which a student of the Co-operative movement in India ought to study are those which show the overdue recoveries outstanding for each society, for from these the state of health of the society in question can be gauged. And yet an adequate discussion of these figures in the case of each province would only confuse the account and obscure the general outlines of the work which is being done.

Again, in the case of the Co-operative movement, as in many other cases, India as a whole does not present homogeneous conditions. If the reader glances at the map of India, he will see on the east and in the centre an immense block of territory represented by Bengal, Bihar and Orissa, the Central Provinces and the United Provinces, where, broadly speaking, the agriculturist is a tenant holding his land by one form of tenure or another from a landlord. This means that he can only offer personal security for any obligation contracted by him. To the north, the west and the south are the ryotwari provinces of the Punjab, Bombay and Madras, that is, the provinces where the agriculturist as a rule has mortgageable rights in his land and thus can offer real instead of personal security. Thus, the Co-operative movement in the former group of provinces is faced with certain difficulties which do not appear in the latter group, and this general consideration should be borne in mind by all who study the work of Co-operative Societies in India. This work for example, flourishes greatly in the Punjab and Bombay, whilst recently it has languished somewhat in the Central and United Provinces, and though, of course, the general consideration which I have introduced above is not entirely responsible for the difference in the degrees of progress of the Co-operative movement in these different parts of India, it is not altogether unconnected

DIAGRAM No. 3


FIELD MAP OF TAHARPUR
VILLAGE BEFORE CONSOLIDATION
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therewith. In no province in India does the work of Co-operative Societies end with the supply of credit or with the removal of indebtedness. It branches out into numerous forms of activity devoted to the improvement of the general conditions of life of the rural population.

In the Punjab the Co-operative movement includes thrift societies, societies for compulsory education, for the supply of agricultural implements and household necessaries, silt clearance societies, cattle breeding societies and others. Progress has been made with the organisation of marketing, and in the Lyallpur district, the centre of the Punjab grain trade, five co-operative sale shops have now been opened. Again, societies have been started to assist artisans, notably weavers, to organise their production.

But the most interesting, and perhaps the most important work done of recent years by Co-operative Societies in the Punjab, is that connected with the consolidation of holdings. The law of inheritance of both Hindus and Muslims leads to excessive fragmentation of holdings by splitting the latter into a number of independent and scattered holdings among the heirs. This fragmentation is attended with various disadvantages and is one of the most serious causes of agricultural indebtedness. In some cases fields are reduced to such an extent that it becomes impossible to plough the land without committing trespass. A good deal of land is wasted on fencings and there are constant disputes over boundaries. The co-operative movement has tackled the problem with remarkable success and a large number of societies have been formed in the province with the object of consolidating holdings. In three years 133 consolidation societies have been formed with 500 members, and 35,000 scattered parcels of land have been consolidated into 4,500. The area thus re-striped up to the end of the year 1925 was about 50,000 acres. Large areas which were formerly uncultivated owing to excessive fragmentation have been brought under the plough. The general effect of consolidation is to increase the product of land, stimulate the desire for improvement, increase rent and decrease causes of litigation and quarrels. In several villages wells have been sunk to irrigate land previously too split up to be worth the expenditure. In one Jullundur village, an owner who had his land scattered in 200 different fields now has it in one, and five more have single plots where before each had over 100.

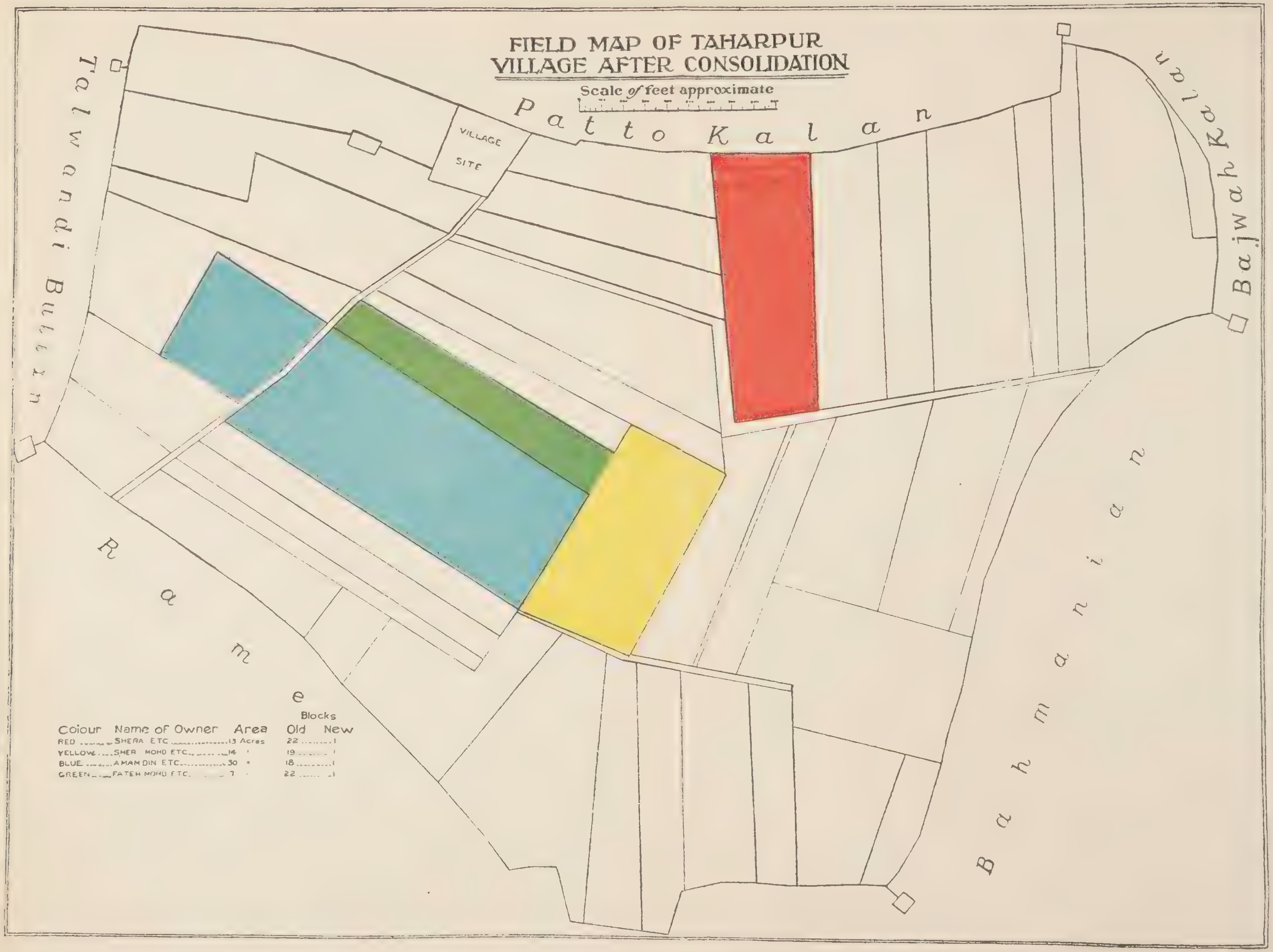
The village of Taharpore is a striking example of what the consolidation of holdings has achieved and can achieve. This village, comprising 3,477 *kanals* (a kanal is $\frac{5}{32}$ of an acre) has been consolidated. Its area which was formerly divided into 1,435 fields and 844 plots has been consolidated into 63 plots. The average area per plot, previously 4 kanals, is now 55 kanals. The two maps which show Taharpore village before and after consolidation bear more eloquent testimony to the value of this movement than any words can do.

The Bombay Presidency is another great stronghold of the co-operative movement. It now has its own co-operative law, being the first province in India to take advantage of the powers conferred under the Government of India Act. The year under report saw the co-operative movement in Bombay spreading steadily, despite an unfavourable agricultural season in some parts of the Presidency. There was an increase both in the number of societies and in their working capital and the Registrar of Co-operative Societies says that the propaganda carried on by his department is slowly teaching the people the true principles of co-operation. In Bombay, the most important type of non-credit society is represented by the cotton sale societies whose transactions during the year under report amounted to 53½ lakhs of rupees. "The future development of co-operative marketing," says the latest report, "especially in the cotton tract in the southern Mahratta country and in Gujerat appears to be very promising."

Another noteworthy feature of the Co-operative movement in Bombay is its application to the problem of industrial production. There are in the Presidency to-day, 70 weavers co-operative societies with a membership of 3,000 weavers and a capital of 3 lakhs. The indigenous weaving industry is, in India, perhaps second in importance only to agriculture, and the application of the Co-operative movement to weaving, with its co-operative buying of raw material and sale of finished products, obviously has great scope for good.

One of the greatest triumphs of the Co-operative Department of the Bombay Presidency, however, has been achieved in Sind. It was realised in 1917 that the existing system of forming and running co-operative societies in Sind was unsuited to its peculiar conditions, and therefore the operations of the Presidency Department were extended to this outlying part of the Province. The share model system was set on foot, by means of which the collection of capital

DIAGRAM No. 4



Colour	Name of Owner	Area	Blocks Old	Blocks New
RED	SHERA ETC	13 Acres	22	1
YELLOW	SHER MOHD ETC	14 "	19	1
BLUE	AMAM DIN ETC	30 "	18	1
GREEN	FATEH MOHD ETC.	7 "	22	1

for the society is progressive. A member buys a certain number of shares of Rs. 20 each in the society and pays for them in instalments of Rs. 2 per share per year. Thus it is not difficult for him to pay at least ten rupees a year, which means that at the end of ten years he becomes the owner of five shares of the value of Rs. 100. When this idea took root, it was soon found that members wanted to go on increasing their number of shares from year to year, so that we now find a man who has paid ten per cent. for five shares in one year subscribing to seven shares next year and paying Rs. 14, and so on. This enables him to build up a capital of his own which in a few years suffices to meet his ordinary requirements. Some of the older societies in the Jamrao Canal area have now a sufficient capital of their own, consisting of members' deposits and a reserve fund, to obviate all necessity of borrowing from outside to meet their current needs. Agricultural Societies in Sind now hold as their own nearly 42 per cent. of their aggregate working capital.

One of the greatest features of this development of credit societies in Sind has been the organisation of and progress made by central financial agencies. As long as the societies had to depend upon their meagre deposits and the small loans received from Government, progress could not be rapid. In 1918-19 therefore, it was decided to organise the Sind Central Bank. At the start this Bank financed all the co-operative societies in Sind, but the increase in the number of societies and the interest taken in co-operative development in different districts led to the organisation of separate district banks, and now every district, except the small one of the Upper Sind Frontier, possesses a District Central Bank of its own. The total working capital of these districts banks is now over Rs. 35 lakhs, and as financial institutions they have acquired considerable popularity.

The effects of the development of this Co-operative Movement in Sind during the short period of six years have been remarkable. In the Hyderabad and Larkhana districts, for instance, members of the societies have freed themselves entirely from their dependence on the village bania, at least so far as their current needs are concerned; and in many cases societies have even redeemed their members from their previous debts. The immediate result of this has been an increase in cultivation, and an uplifting of the standard of life. Some members of co-operative societies now own their own ponies and camels, whereas five years ago they could never have hoped to be in that happy position. In most of these cases, if a member is asked what the benefit of the society has been to him, he will reply that the securing of sufficient finance at a moderate rate of interest has enabled him not only to double his area under cultivation and to buy outright a pony or camel, but has also permitted him to place some money as a deposit in his society.

Co-operation in Bengal has, during the year under review, fully maintained the progress recorded in earlier reports. Both Agricultural and non-Agricultural Credit Societies have increased in numbers and membership. Besides these societies there are various other societies such as Irrigation Societies, Milk Societies, Stores and Supply Societies, Artizans' Societies and Fisherman's Societies. Schemes have now been drawn up for the organisation of two housing schemes, one in Calcutta and the other in Darjeeling, and the Bengal Government have been approached with a view to determining the principles on which they will advance funds to societies of this kind.

The Irrigation and Milk Societies form a very interesting side of the movement. The former carry out small local schemes of irrigation and the number of societies rose by nearly a hundred during the year. The latter are under the Milk Union in Calcutta, whose chief duty is to distribute milk collected from them as well as to lend them money. During the last few years, milk from the Union has been in great demand, and it is understood that in the near future it will adopt the system of supplying milk in sealed bottles instead of special cans. Another very interesting development of the Co-operative movement in Bengal is to be found in the anti-Malarial Societies which showed a striking expansion during the year under review. These societies have already done much to improve the public health of their localities and they are now undertaking to solve the problem of pure water supply by sinking tube wells in places where there is a scarcity of drinking water. The organisation of health boards at suitable centres for groups of anti-malarial societies has also been taken up.

The Higher Co-operative Organizations in Bengal include Credit Unions, Central Banks, Producers' Unions, the Central Anti-Malaria Society and the Bengal Provincial Co-operative Bank. The position of the Provincial Bank is satisfactory, and it successfully met the needs of the Central Societies during the year by giving loans, as well as by taking over their surplus.

The Co-operative movement in the United Provinces has languished somewhat during the year, but the local Government have taken the matter up by announcing towards the end of the year the appointment of a Committee to enquire into the whole question of co-operation. The Committee's terms of reference are as follows:—

(1) to enquire into and report the reason why co-operative societies in various localities have not succeeded better in gaining the confidence and support of the people, and

(2) to make proposals for improving the organisation, supervision, control, audit and financing of the movement in all its branches.

The action of the Government and the efforts of the non-official enthusiasts for the co-operative cause have already resulted in increasing the interest of the rural public in co-operation.

The record of the year in the Central Provinces also is not very encouraging. The number of Co-operative Societies under award and liquidation rose appreciably, whilst many others are reported to be absolutely dormant. In some districts in the Province, the movement is now in a state of suspended animation. The latest audit held shows the following classification:—

	Central Provinces.	Berar.
A. Very good	...	1
B. Good	151	46
C. Fair	2,193	484
D. Bad	867	160
E. Financially dangerous	116	2

The only action which is likely to place the movement on a sound basis is a thorough and systematic organisation of societies. Fortunately, all Central Banks in the Province are fully alive to the gravity of the situation. A large majority of banks have made a good beginning in the work of reorganisation, and in some banks the leading directors are taking an active part in the reconstruction of societies. The supreme importance of reorganisation has again been impressed on banks, and recently, training classes have been held at every divisional centre for the purpose of instructing Government Auditors and the staffs of banks and societies, in the theory and practice of Co-operative work, with special reference to reorganisation. The Registrar of Co-operative Societies has also arranged to relieve some

Government Auditors for reorganisation in the current year and has persuaded some banks to appoint whole-time reorganisers.

Turning to Madras, we now see an animated scene, a great contrast with the last few years. Interest in the co-operative movement is increasing, as can be seen from the almost continuous conferences of various kinds, which are held to further the progress of the movement. During the year a scheme for the reorganisation of the higher controlling staff was introduced. According to it the Province has been divided into eight circles, each under the charge of a Deputy Registrar. These eight circles are again subdivided into 24 sections, each in charge of an Assistant Registrar.

The expansion of existing societies and the development of the movement by the formation of new societies made satisfactory progress during the year. Also, excellent results have attended the efforts made in Madras City to rectify bad societies. Responsibility for the supervision of societies and for their primary audit is gradually being taken over by non-official agencies. The progress made by societies in their trade activities has been steady though slow. The attempts made in certain districts to develop joint sales by organising a system of granting loans on the pledge of their agricultural produce have achieved some success.

Satisfactory progress was made during the year in the organisation of labour on co-operative lines. At the end of the year there were 38 societies of labourers whose object was to find work for their members. During the year these societies secured contracts worth Rs. 2·81 lakhs and the work actually completed within the year was valued at Rs. 2·44 lakhs.

An interesting feature of the year's work was the organisation of special societies in the Tanjore and Trichinopoly districts to reclaim the lands affected by the abnormal floods in the Cauvery in July 1924. Seven societies were formed for the reclamation of about 1,600 acres of land. In most cases the actual work of reclamation is being carried out by the society as a whole on behalf of the individual members.

Another important feature of the year's work was the formation of land mortgage banks. The ordinary credit societies are not in a position to grant long-term loans for land improvement, clearing off prior debts, etc. This is due not to lack of money in the movement but to the insufficiency of long-term money; and one of the methods by which it is proposed to attract more long-term money is by the formation of these land-mortgage banks. During the year two such banks were started.

There are five societies in the Presidency for members of certain criminal tribes. By the end of the year, these societies had 499 members and a paid-up share capital of Rs. 5,388. All these societies have worked at a profit, the net profit earned amounting in the aggregate to Rs. 636. There are now 43 societies exclusively for scavengers and sweepers employed in municipalities or unions with a paid-up share capital of Rs. 32,244.

The Provincial Co-operative Union conducted a training class during the year for the office-bearers of societies and other non-official workers in the movement for which purpose the Madras Government sanctioned a recurring grant of Rs. 1,200 for five years. Considerable progress was made in the matter of federating local unions into district organizations. These District Federations have as their object the co-ordination of the work of the local unions, the provision of an efficient and well-trained non-official co-operative staff, and the promotion of co-operative education and propaganda.

The problem of cattle insurance on a co-operative basis was again tackled during the year. Model bye-laws were drawn up in consultation with the Chief Superintendent, Civil Veterinary Department, and two cattle insurance societies, the first of their kind in this Presidency, were registered. Government have undertaken to meet any loss incurred, subject to a maximum limit of Rs. 1,000, by the three first experimental societies.

In Burma the year saw an actual decrease in the number of Agricultural credit societies registered and also in membership, but this was due to the weeding out of unsatisfactory societies.

Co-operative Town Banks and similar urban credit societies continued to make steady progress and increased in number and membership. There was also a satisfactory rise in the deposits and owned capital of these institutions. An unsatisfactory feature was a tendency for working expenses to increase. These urban societies have already become the potential depositories of the funds of local bodies, and several of the larger banks appear to be quite capable of undertaking the custody of public money on fixed deposit. Cattle insurance societies are confined to five districts in the dry zone, and share the deterioration which has attacked co-operative societies in these areas. The question of opening cattle insurance societies in Lower Burma was studied, and a certain amount of propaganda work was carried out. Agricultural societies for purposes other than credit again showed few signs of progress or prosperity but a little was achieved in the very important matter of the distribution of selected and improved seed. The unexpected recovery of the Legaing Rice Mill during the year is worthy of mention. This society has cleared off its debt to the firm which erected its mill, has reduced its previous loss to a very small figure, and has also gained local renown for the excellence of its milling. Among non-agricultural societies, a new Rangoon Dairy Society was formed, on the initiative of the Rangoon Corporation; while the Pegu Rice Milling and Trading Society again closed a successful year with a handsome profit.

The Mandalay Provincial Bank again had a successful year. Its fixed deposits increased by Rs. 7 lakhs to Rs. 90·59 lakhs, of which 25 per cent. represents the money of Burmans, indicating increased confidence on the part of the people of the country. In view of the over financing of many societies in past years, the maximum borrowing limits of societies were lowered, with the result that the Bank suffered from the somewhat unusual embarrassment of a surfeit of cash, and was obliged to reduce its rates of interest on fixed deposits. But this action had no appreciable effect on the flow of deposits. Another promising symptom was the marked rise in the current accounts of the Rangoon and Thaton branches, amounting to approximately Rs. 1·80 lakhs. This money is almost entirely Burmese, and 75 per cent. of it, as required by the rules, was maintained in liquid form. Three new Central Banks were registered during the year bringing the total number up to 23. Four of them are flourishing institutions managed on sound business lines and doing good work. Of the four most flourishing institutions the Pegu District Bank, which can when necessary obtain credit from the Imperial Bank without the intervention of the Provincial Bank or the support of the Registrar, was most prominent.

From Bihar and Orissa steady progress is reported, and the figures for the year show that nearly a thousand new societies of various kinds were registered. But against these must be set the fact that 123 societies were liquidated during the same period, including the central bank at Banpur. whose principal officers were criminally prosecuted for mis-appropriation of funds and sentenced to varying terms of imprisonment. The great need of many central banks is still for capable and active directors; a need which is exemplified by the strong contrast between the financial results achieved by the different unions, and by the record of collections from the primary societies, which average only about 60 per cent. of the demand. It is a matter for satisfaction that no less than one-fourth of the agricultural societies are now affiliated to one or other of the 196 guarantee unions in the province, which are reported to contribute greatly to the mutual strengthening of the societies' credit and the efficiency of their working. Interesting statistics are available of the large measure of success which has attended the movement in its primary object of relieving indebtedness. During the 3½ years immediately preceding January 1925 the amount of interest saved for the members on an average calculation is estimated at Rs. 34,86,972, the amount of land redeemed by members at 15,000 acres, and the land newly purchased at 10,000 acres, while the number of their cattle has increased by over a lakh. The total indebtedness of members since they joined the movement had been reduced at the beginning of the year from Rs. 58 lakhs to Rs. 52 lakhs, and the bulk of their debts to money-lenders had been transferred to societies. Many individuals have cleared themselves entirely of debt, while one society recently reported that this was true of all its members. Extravagant expenditure on ceremonials is being curtailed, while the growing tendency to settle disputes by arbitration exercises a check on wasteful litigation. Thrift is inculcated also by the encouragement of deposits in the village bank, by insistence on the punctual payment of kists, and by the introduction of share capital into village societies. An interesting development during 1925 is the starting of an Oriya quarterly, called the "Sahjog Samachar," in the interests of the movement.

Reviewing the report of the working of Co-operative Societies in Assam for 1924-25 the Ministry of Education state that the year witnessed a further expansion and development of the co-operative movement in the Province. The Director of Co-operative Societies records a larger public confidence, an increased flow of money, the penetration of the movement into areas hitherto unexplored, and a persistent demand for new societies. The signs are healthy and encouraging, and the Government regard without apprehension the likelihood of an acceleration of the rate of progress. The scope and efficiency of non-official agency is developing steadily, and a scheme for strengthening the official staff is under consideration.

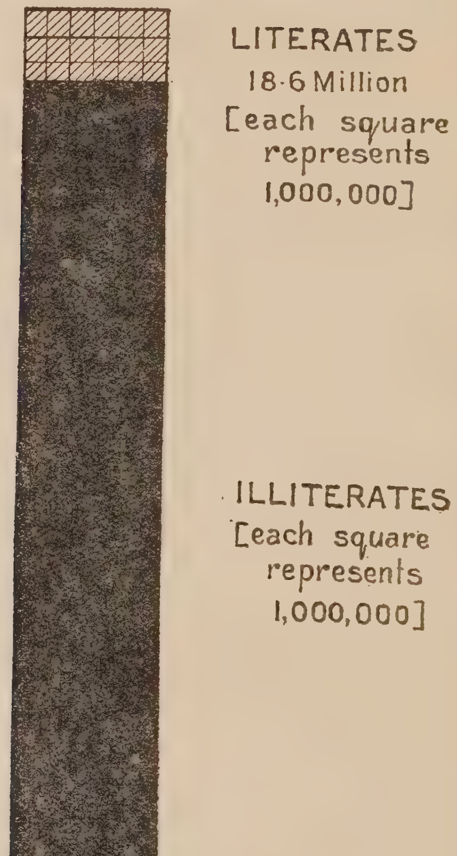
The progress of agricultural co-operation has been rapid in the Surma Valley, but comparatively slow in the Assam Valley. It is hoped that after the recent strengthening of the staff for the Assam Valley, the co-operative movement there will receive greater attention. Co-ordination between the Co-operative and Agricultural Departments has resulted in the distribution of improved seeds, manures and implements of husbandry, and in the adoption of improved methods of cultivation by the rural population. Agricultural Societies are now in a position to provide short term crop loans on a larger scale.

During the year under review, useful contributions were made by the societies for public purposes, such as the construction of village roads and school buildings, the purchase of medicines for kala azar treatment, and the award of scholarships to deserving students. A cowherds' society, the first of its kind, has been started in Sunamganj.

In January, 1926, two conferences of the highest importance to the co-operative movement all over India were held in Bombay. These were the All-India Co-operative Registrars Conference and the All-India Co-operative Banks Conference. The Registrars' Conference was presided over by Mr. H. Calvert, Registrar of Co-operative Societies in the Punjab, a famous authority on the subject of co-operation. In his presidential address he stressed the need of educating the Indian peasant to better things, and the necessity of unremitting hard work on the part of all who were interested in the progress of the co-operative movement. A number of resolutions, whose object was to stimulate co-operative activities all over India and to co-ordinate effort, were passed at this Conference. The President of the Co-operative Banks Conference was Mr. Lallubhai Samaldas. In his presidential speech he quoted figures which showed the striking progress made by co-operative banking during the past ten years. The Conference considered whether a Co-operative Bank for all India was required, and if so, on what lines it should be organised. After some discussion it was resolved to refer the matter to the proposed association of Provincial Banks for fuller consideration. Another resolution referred to the development of land mortgage credit, and the assistance to be rendered by Provincial Banks in such developments. An identical resolution was considered by the Registrars' Conference also, and both Conferences

DIAGRAM No. 5.

Totals of Literates and Illiterates : British India.



approved of the starting of Co-operative Mortgage Banks covering small areas. They were further of opinion that the work of issuing and demarcating the Mortgage Debentures can be undertaken by Provincial Banks or Central Advancing Agencies, provided that they maintain separate accounts for this department of their work. They also recommended that Government should recognise the debentures issued under this scheme as trustee securities and agree to guarantee the interest payable on debentures till redemption. In giving effect to this scheme they considered that it was desirable to confine its benefits, as far as possible, to working agriculturists. Other resolutions were passed at the Co-operative Banks Conference all with the object of improving and co-ordinating co-operative banking.

There is a good deal of progress to report in Education of all kinds during the year. The backwardness of India in the matter of Education is constantly used as a reproach against the Government of India, but the detractors of the latter would do well to bear a few elementary considerations in mind. The problem of educating India is the problem of educating almost a continent. The administrative effort and the financial outlay involved are enormous, and it must be remembered that the Indian Government is now, and in fact for the last two generations has been, trying to meet the necessities and demands of a modern progressive state with the slender resources of an oriental community. The almost entire abstention hitherto of Indian women from the teaching profession has been a great handicap to the progress of elementary education. Again, there are hosts of practical details which affect the progress of education in India and are forgotten by most critics of the Indian Government's achievements in this field. Text-books, for example, have to be printed in a multitude of vernaculars; numbers of Indian children live on inaccessible hills or in remote little hamlets, and the prejudice against the education of girls is really only now beginning to disappear. These and many other similar considerations bear very directly on the question of educational progress in India. In spite of all these and many other inimical conditions, however, the process of educating India's children is going on steadily, if slowly. And here I propose to review the year's work in education, province by province, and quote figures to enable the reader to judge, both of what has already been achieved in Indian education, and also of the distance still to be travelled, before the point is reached at which the proportion of literates to the total population of India will bear comparison with similar proportions in Western countries.

Every province in India shows progress in education during the year. Recent progress in the Punjab may be described first, for, apart from the actual advance to be recorded, it calls for an observation of great importance. The educational history of the Punjab during the past two or three years shows what can be accomplished under the much abused dyarchic system, when that system is properly worked. Until the other day, the Punjab Minister for Education was a gentleman who was supported solidly by the majority in the Punjab Legislative Council. He was thus in a position somewhat similar to that of an English Minister who enjoys the confidence of the House of Commons. He was able to work out his schemes and get the consent of the Legislative Council to them. Consequently education in the Punjab benefited enormously during his time and, indeed, is an object lesson showing what might be accomplished in every Transferred Department in every province in India if only solid parties could be formed in the Legislative Councils to support the Ministers in charge of these Departments.

The net increase in enrolment in the Punjab during the last four years aggregates 362,660 pupils. The total enrolment on the 31st March, 1925, was 919,649 pupils, or 77,743 more than in the previous year. The percentage of pupils to the total population now stands at 4·44, as compared with 4·07 last year and 2·7 four years ago. If the figures for boys alone are taken into calculation, the percentage is 7·28 as against 6·6 in the preceding year, and 4·26 in 1920-21.

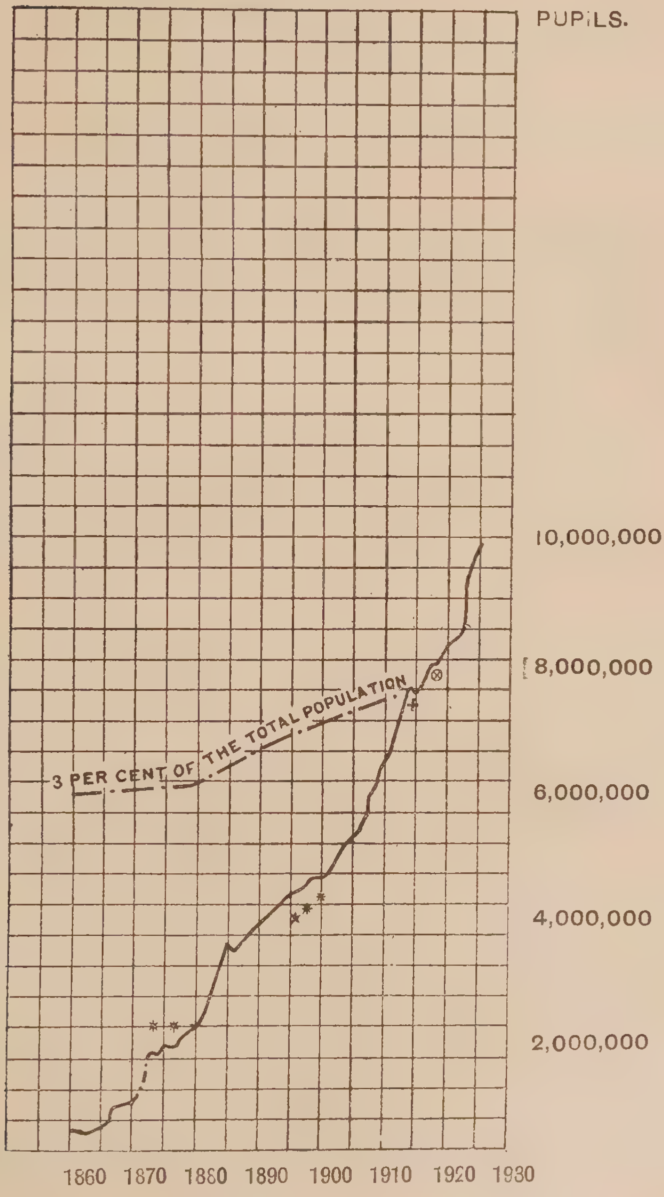
In 1924 the Punjab Government carried out Reforms in the system of secondary education with the object of securing a more equitable distribution of facilities between the different areas and communities. Already the new policy has met with great success. The expenditure of all Government institutions has been reviewed and economies have been effected. Money thus rendered available has been used for the expansion and improvement of secondary education in rural areas, and a large number of schools in these areas have now been placed on the grant-in-aid list.

Primary Education, as can be understood from the figures already quoted, is making great strides, and compulsory primary education is expanding rapidly. On March 31st, 1925, compul-

DIAGRAM No. 6.

Total number of pupils under instruction in India.

Famine.................................... ✳
Commencement of Plague......... *
Influenza................................. ⊗
Indian States omitted .... +



sion was in force in 25 urban and 250 rural areas; and the more recent reports of the Education Department show that the number of the latter now exceeds 400. The hesitant attitude of certain municipalities is somewhat disconcerting, especially as it appears to be prompted by mistaken forebodings of largely increased financial commitments. As the Director of Public Instruction in the Punjab has remarked, compulsion should be regarded as a guarantee that the money devoted to education is spent in the most fruitful manner by ensuring that the boys shall remain at school long enough to gain a firm grasp of literacy.

The education of girls in the Punjab has now been taken seriously in hand. Training classes have been amalgamated with some of the High schools for girls, a scheme which has resulted in very gratifying improvement. Of immense importance is the decision taken by the people of the Mianwali district to have co-education in the primary classes. Co-education up to this stage appears to be the only satisfactory solution to the difficult problem of girls' education in India, and it is hoped that other parts of the Province will follow the example of Mianwali. The Lady Maclagan and Victoria Girls' Schools in Lahore are now in a very prosperous condition and similar schools have been started in other important centres in the province.

Professional training has a place in the march of Punjab Education. The Maclagan College of Engineering has entered on the second year of its history and the keenness of the competition for admission is seen from the fact that there were 350 candidates for fifty vacant places this year. Reports from other institutions such as the King Edward Medical College, Lahore, the Agricultural College, Lyallpur, and the School of Engineering, Rasul, indicate that progress is being maintained.

A very interesting feature of education in the Punjab is the "play-for-all" movement, requiring all pupils without exception to play games regularly either during or after school hours. The equally novel "food-for-all" movement serves to allay undue fatigue during school hours. An interesting account of this latter movement is given by a headmaster, who writes:—

"During the recess all the boys fall into line and take their refreshment. The food consists of gram, which is kept in water during the night, and is boiled and then fried in ghee, with some salt, pepper and other ingredients, in the morning. It is also mixed with potatoes, peas, etc., according to the season. The boys like it, and look forward eagerly to the food, especially those who come from the adjoining villages. The cost averages one pice (a farthing) per head per diem." Another good sign is that girls in the schools are taking more and more to the playing of games.

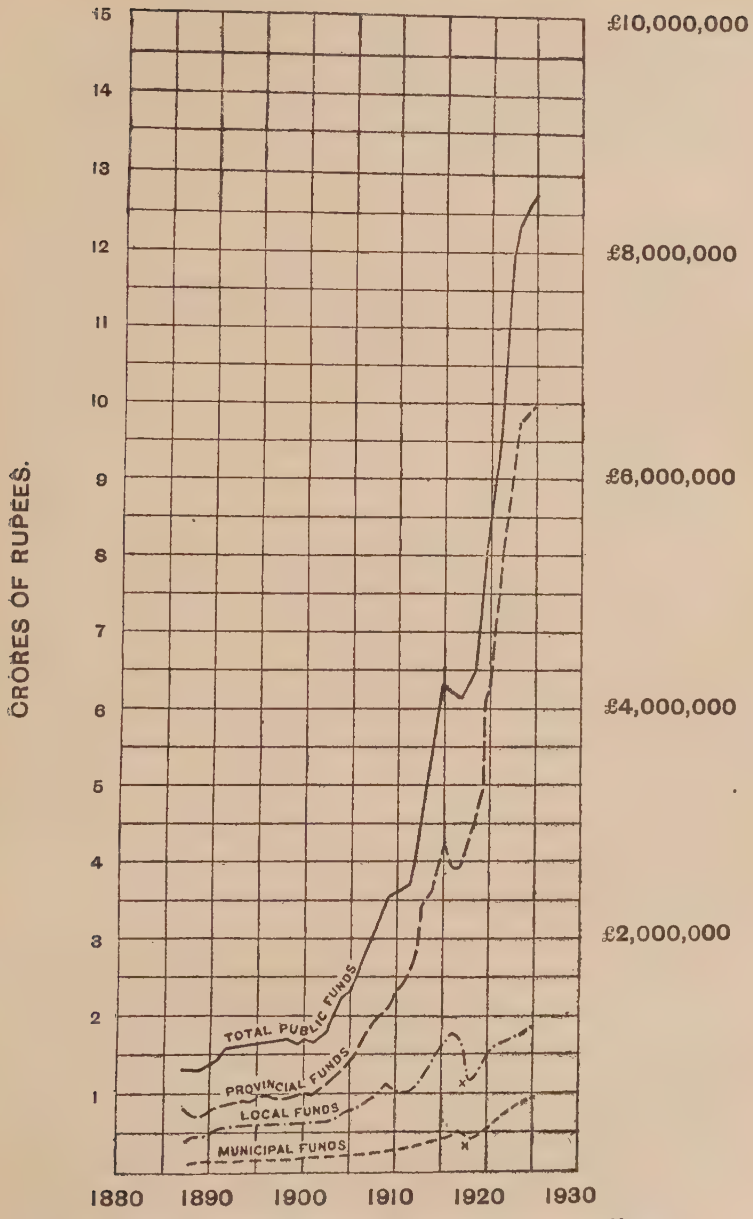
Of extraordinary interest and importance is the movement in the Punjab for the education of illiterate adults. On March 31st, 1925, there were 2,373 schools for male adults with 61,961 pupils. It is proposed by the Government that besides permanent and stationary adult schools there should be temporary night schools to spread education as widely as possible. As soon as the adults of an area have been given a reasonable opportunity of becoming literate, the school should be transferred to another place, where there is an urgent and keen desire for such instruction. Thus within a few years facilities for instruction should have been made available to a large proportion of the illiterate adults in the whole Province.

Even more important than the establishment of adult schools and the imparting of instruction is the task of ensuring the retention by the adult of the education gained during the short school course. As in the case of boys, adults are in danger of relapsing into illiteracy after leaving school, unless measures are taken to counteract this tendency. The Government proposes, therefore, to bring to the knowledge of the rural population the most important achievements in agricultural and hygienic science, in the breeding and care of cattle, in the methods of combating and preventing the common ailments and diseases, and the value of co-operation and the elementary principles of civics and administration. The measures by which it is proposed to do this comprise the establishment of village libraries, the organisation of meetings for the reading of pamphlets and journals, the holding of discussions on these readings, and magic lantern lectures on useful and interesting subjects. For these lectures the Provincial Branch of the Red Cross Society have given lanterns to each district. Slides for lectures and their catalogues are available from the Punjab Text Book Committee.

With the development of adult education in rural areas the library has become a necessity. It is essential to make provision for general reading so that the pupils should be able to make use of their lately-won literacy. In some Punjab districts libraries have already been started in vernacular schools. In addition to the

DIAGRAM No. 7.

Public expenditure on Education.



× Fall due to reclassification of expenditure according to which Government contributions made to local bodies for education are included in expenditure from provincial funds.

works of vernacular literature the libraries will contain a number of pamphlets and journals dealing with matters of general interest and importance. The Punjab Text Book Committee is a great help to such libraries and supplies many useful books, pamphlets and journals to them free of charge. It is anticipated, therefore, that in the course of time the night school will give way in importance to the village library which should become the centre of village intellectual activity.

In Madras the main features of the educational administration during the year ending March 31st, 1925, were appreciable increases in the number of public institutions, in their strength, and in the total expenditure on education. This expenditure is borne by public and private funds to the extent of 56 per cent. and 44 per cent. respectively. 5·2 per cent. of the total population of the Presidency are now under instruction, but only 2·1 per cent. of the girls are being taught in schools. In 1924 the Madras Government caused an elementary education survey to be undertaken with a view to increasing facilities for primary education. The survey has been completed and is now under consideration. Another survey has now been appointed, this time for secondary education, with a special officer to conduct it who will prepare a programme for the expansion of secondary education and also examine the present system of grants-in-aid to aided secondary schools. Also a representative Committee on secondary education consisting of those engaged in teaching in high schools and of certain managers of high schools, has been appointed to examine the present system of secondary education, with special reference to the line of demarcation to be drawn between elementary and secondary education, and the possibility of classifying the curricula of middle and high schools according as a school prepares pupils for practical, for higher, or for collegiate education.

Female education showed a notable advance during the year under review. The number of girls' schools intended solely for Indian girls rose from 3,050 to 3,220 and their strength from 208,727 to 220,073. There were during this year 460,364 girls attending all grades of schools against 430,583 in the previous year. There were 36 women studying medicine, whilst one was studying in the Law College at Madras.

A noteworthy feature of the Madras Government's educational policy is the attempt to improve Moplah education. A special supervising staff has now been sanctioned by the Government to look after Moplah education and during the year the total number of public schools intended for Moplahs increased from 661 with 51,292 pupils to 865 schools with 63,642 pupils. Even the remote Laccadive Islands have their schools, but it is, perhaps, not very surprising to learn that the inhabitants of the Islands do not at present take any great interest in education.

Bihar and Orissa until quite recently suffered under the reproach of backwardness in education, but of late years, the Provincial Government has been striving with considerable success to remove this reproach. In the last four years the percentage of the male population receiving instruction in education institutions has risen from 3·92 to 5·29; and 35·1 per cent. of the Indian boys of school-going age are now attending school, as compared with 27·8 per cent. three years ago. Particularly rapid progress was made during the year ending March 31st, 1925, in which month the total number of pupils (boys and girls) under instruction was 999,687—or nearly 100,000 more than the highest figure previously recorded in the history of the province.

The Government of Bihar and Orissa drew up some years ago a regular programme for the expansion and improvement of primary education to be completed gradually over a course of ten years. Although approved in 1919-20 the programme could not be carried out owing to financial stringency, and the district boards were left to do as best they could. Now that circumstances have changed considerably, this year's provincial budget being a surplus budget, the local Government have announced their definite desire to provide elementary education in the first instance up to the lower primary stage for all boys or at least for as many as must be educated before compulsion can be applied. This percentage has been taken at 80 and the necessary orders have now been issued.

The extra cost of the programme is approximately Rs. 93 lakhs or Rs. 74 lakhs according as education is or is not made free. How this extra money is to be raised is a difficult question. The district board electorates at present resent the idea of extra taxation, but the Government emphasise that they can only be co-sharers in responsibility with the district boards and their subordinate bodies in this matter of extension of primary education. The district boards are even unwilling to be given the power of raising funds themselves, and the only hope of immediate progress seems to lie in the new unions now being formed under the Village Administration Act which have the power to raise taxation for expenditure on primary schools. The Government trust that when district boards are unable to provide funds, the unions may agree to levy cesses for education.

Towards the close of the year, important orders were passed regarding the administrative re-organisation of the Education Department in the Province. Certain powers hitherto vested in the Director of Public Instruction have been delegated to the divisional inspectors, who have also been relieved by the further devolution of powers on district inspectors and on the managing committees and headmasters of high and first-grade training schools. The offices of district inspectors have been strengthened, and in one division the experiment is being tried of freeing these officers from the intermediate control of the divisional inspector and placing them directly under the head of the department. It has been decided also to appoint a Deputy Directress of Public Instruction to deal with female education, and to increase the number of assistant inspectresses, while the existing posts of inspectress will be abolished. A proposal to award two State scholarships every year for the study of scientific or literary subjects in England, in place of the two existing scholarships, which were only filled up as vacancies occurred, was sanctioned.

In the Central Provinces the number of pupils during the year ending March 31st, 1925, rose from 353,140 to 362,153. This increase was shared by every class of institution except the recognised girl schools and special schools, where the numbers fell by 91 and 297 respectively. Much valuable work in secondary education was accomplished by the High School Education Board, which was brought into being during the previous year by the High School Education Act. The Board provided regulations, laid down the subjects of the High School Certificate Examination, arranged for the preparation of syllabuses in Agriculture and Botany, made recommendations for encouraging manual training, and for the first time conducted its own High School Examination.

The number of recognised primary schools rose from 3,948 to 3,966 and of the pupils attending them from 242,943 to 245,597. The Central Provinces Government in this respect complain that certain local bodies are still prone to confirm untrained teachers and to pay their teachers less than the prescribed minimum salaries, a practice which is bound to militate against present efficiency and future improvement. Slow progress was made in the introduction of compulsory primary education. Schemes were sanctioned for 10 villages in the Akola District and for the Buldana Municipality, and were submitted for a number of other municipalities and for about 70 villages in other districts. Female Education showed no marked improvement over previous years. The proportion of girls who completed the school course is still too low, and difficulty is sometimes experienced in obtaining teachers for the Anglo-Vernacular Middle Schools and candidates for training as teachers for primary schools. A very satisfactory feature of the year in the Central Provinces was the increase in the number of pupils belonging to the depressed classes, and it is very encouraging that 1,256 pupils of these classes attended Middle Schools and 49 attended High Schools, this being an increase of 527 attending Middle and High Schools during the year as compared with the previous year.

Bengal also made steady progress during the year—a progress shared by all forms of education; primary, secondary professional, technical, university and female. During the year, the total number of educational institutions in the province increased by 1,172 to 57,173. The progress in female education is particularly encouraging, as the number of recognised schools of all kinds for Indian girls rose from 12,961 to 13,494, *i.e.*, by 4·1 per cent., and the number of pupils attending them increased to well over 305,000.

On account of the refusal of the Legislative Council to vote the salaries of the Ministers, the Ministry of Education was dissolved in August, 1924, and His Excellency the Governor had to assume charge of the Department under the Temporary Administration Rules. Owing to the political activity of the Swarajists, the salaries of the inspecting officers were refused by the Council. This created a temporary set-back in the educational administration of the province, temporary because the necessary provision was restored in the supplementary budget of the year under report.

A revised curriculum for maktabs (indigenous Muslim Schools) on the lines of that for the primary schools was approved by the Provincial Government during the year under review. The Muslim community of Bengal has for nearly a century looked forward to the construction of a special college for Muslims in Calcutta. With a view to the establishment of such a college, a plot of land was acquired some years ago but the project was held up by financial stringency. The proposal was revived last year by Mr. Fazl-ul-Haq, then Education Minister, and funds for the establishment of a first grade college for Muslims in Calcutta were voted by the Bengal Legislative Council. The foundation stone of the College was laid by His Excellency the Governor of Bengal on 9th December 1924, and it is hoped to open the College before the end of 1926.

The United Provinces, unfortunately, were unable to report much progress in female education during the year ending March 31st, 1925. Primary Schools for girls increased by 36, but the enrolment in them fell off very slightly during the year—the decrease being due to a slackening of effort on the part of District Boards. Intermediate Colleges for girls remained during the year at the same level as the preceding year, both as regards the number of colleges and the number of students. In other kinds of education, however, the province has good progress to report. The number of schools and pupils, in both primary and secondary education, increased during the year, and considerable progress was made by Municipal Boards in the introduction of compulsory primary education for boys in municipalities. During the year six municipal boards introduced compulsion on the terms proposed by Government, *i.e.*, provided the total contribution made by Government to the municipal boards does not exceed 60 per cent. of the total cost, the Government undertake to pay two-thirds of the extra cost involved, including the cost of remission of fees, and also the total cost of bringing the minimum pay of the teachers employed in boys' vernacular schools up to the standard of pay prescribed for district board teachers. A very encouraging feature of this side of educational work in the United Provinces has been the manifest progress which has been made by the great majority of the boards which have introduced compulsion. Improvement has been particularly noticeable in the staffing and equipping of the schools. Another noteworthy feature of education in the United Provinces is the attention being given to the depressed classes. The district boards in the province at the end of the year under review maintained 777 schools for the depressed classes with an enrolment of 23,030, as against 687 schools, with an enrolment of 22,943, in the previous year. Reports from a number of boards show that the depressed classes have begun to realise the value of education and that there is less objection now than formerly on the part of the higher castes to the admission to schools of children from the depressed classes.

In Bombay, of late years, very great attention has been paid to education and the progress of the Presidency during the past decade has been impressive. In 1916-17 Bombay stood 4th in the list of provinces as regards the proportion of boys attending schools, and second in the case of girls. By the end of 1922-23 Bombay had risen to the first place for both boys and girls. This very satisfactory progress was continued during 1924-25. The number of primary schools for boys increased by 309 and the total number of girls under instruction in primary schools rose by 3,680 to 170,414. It is clear, of course, from these latter figures that there is need for considerable progress still, before female education in the Presidency can be said to be in a satisfactory condition, but there are indications of a general awakening among the masses of the need for the primary education of girls. At present nearly 75 per cent. of Brahmin girls are attending primary schools, whilst amongst the depressed classes the percentage is less than 2. The Government of Bombay have taken the education of the depressed classes seriously in hand and have issued orders that no disabilities are to be imposed on the children of these classes in any school conducted by a public authority in its own or in a hired building, and that where schools are held in temples or in hired buildings from which the depressed classes are excluded, other arrangements should be made without delay. There have been difficulties in a few places, but on the whole the orders have been accepted without very serious protest and in a few villages in which the school meets in a temple, the villagers have erected a shed for the children of the depressed classes. Scholarships, too, have been founded for them by the Government which is also paying great attention to the education of children belonging to jungle and hill-tribes. The problem of the education of the Bhils is being studied.

The numbers of pupils reading in the Secondary Schools increased by 6 per cent. A committee has been appointed to enquire into the system of Secondary education and the result of their investigation is awaited. A new Primary Education Bill providing for the introduction of compulsion at the instance either of local authority or of the Government of a local authority or of the Government is now before the Legislative Council. The improvement in the provincial finances will enable the Government to continue the progress recorded, but unless the local tax-payer is willing to make sacrifices, progress can only be spasmodic and slow. The example of the villages in Barpeta subdivision which have voluntarily imposed on themselves a small cess for the improvement of their school is, the Government trust, a good omen.

Many important questions connected with education were taken up during the year or after its close, namely the increase of grants to aided institutions, improvement of the pay of the subordinate educational service, the question of rates of fees in the Government and aided schools, the reinstitution of a public examination at the close of the Middle School course, the reorganization of Sanskrit education and a further consideration of the system of Muslim education.

A very interesting and important development was the inauguration in November 1925 of free and compulsory education in two wards of Bombay city. The two wards F and G in which the Compulsory Education Act has just been applied for a beginning, comprise an area of 13·2 square miles out of a total area of 24 square miles for the whole city of Bombay, *i.e.*, a little more than half of the city. In beginning the application of compulsion in these two wards, therefore, the Municipal Corporation has tried to solve the most difficult part of the problem of illiteracy. Not only is the area very vast, but it comprises most of the poverty, backwardness and illiteracy of the city. There are about 60 mills in these two wards, and the population is almost wholly composed of mill-workers and their families. Included in the population are also Mangarudi, Bhil, and other criminal tribes employed as day labourers by the Development Department and the Improvement Trust on their several schemes. It only needs to be mentioned that the benefits of free and compulsory education have been extended even to the children of the latter classes for the magnitude and difficulties of the task which the Municipality has undertaken to be appreciated.

The preliminary census of the two wards showed that there were about 36,000 children under 11 years of age, of whom only about 6,000 were already attending school, and it was estimated that over 10,000 boys and girls between the ages of 6 and 11 years had to be provided for and brought under the scheme of compulsion.

There were already 43 primary schools in the two wards and all of them were fairly popular, but it was evident that they did not attract anything like the full strength of the school-going children of the locality. One reason why the existing schools did not attract a considerably larger number of children was their location in central situations not within easy reach of the children of poor parents living in out-of-the-way places. This difficulty has been very successfully met by the Schools Committee's locating the new schools at the very doors of the chawls and huts inhabited by the industrial population.

Fifty-three new schools will be opened in the two wards in addition to the 43 existing schools. Of this number 37 schools have been opened already, and the results achieved by them are already most encouraging. The schools are being rapidly filled by children of all sorts and conditions, both boys and girls. What are designated " Call Boys " have been employed by the Schools Committee, whose duty it is to visit every chawl and hut every morning, collect together children of school-going age and bring them to the schools nearest to their habitations. The employment of these " Call Boys " is meeting with remarkable success. Within two days of the inauguration of the scheme, some of the 37 newly-opened schools had an attendance exceeding 60 children.

The most remarkable feature of the introduction of compulsion in this part of the city is that it is providing a solution of the untouchability question in schools automatically and without any fuss. No distinction whatsoever is made between the children of the " untouchables " and those of the higher classes. They are recruited freely and admitted into the schools without any demur from any quarter.

Steady progress characterised all branches of education during the year in Burma. The number of pupils in recognised schools increased in every stage of instruction, and the problem of finding sufficient qualified teachers to cope with the increase in pupils was insistent, particularly in view of an apparent disinclination of Burmans to undergo training as teachers. This shortage of competent instructors probably accounts for the general decline which appeared in the year's examination results. Some remedy for this difficulty was sought during the year in raising the pay of teachers in vernacular high schools, and of the senior masters of Government schools. There was a considerable advance in the number of girl pupils, particularly in the secondary schools; and a gratifying increase in the number of girls undergoing training as teachers. The year was further marked by a revision of the State Scholarship Scheme, by which between 6 and 12 scholarships are awarded annually on the result of a competitive examination and by the appointment of six local boards to award school and apprentice stipends. The report of the Vernacular Education Committee was presented during the year, and effect was given to some of the Committee's recommendations. But the more important matters dealt with in the report, which is a testimony to the difficulty of educational problems in Burma, were still under the consideration of Government at the close of the year.

There is very little of importance to report in regard to Indian Universities during the year, though the management and functions of existing universities, and proposals for a number of new universities attracted much attention in the press. The constitution for a new University, called the Andhra University, in the South of India, was finally sanctioned during the year and the institution is expected to come into being some time in the summer of 1926. During the year, also, the Madras University began to function in a reconstituted form governed by the new statutes and ordinances prepared by the Vice-Chancellor, Dr. E. M. Macphail, who had been vested with special powers for the purpose.

The long standing controversy over the location of the Patna University has now been finally settled. New College buildings, hostels, laboratories, and university buildings, are to be erected near the town of Patna. Twelve lakhs of rupees have been provided for the acquisition of land and other preliminary work. The whole scheme is estimated to cost 30 lakhs. Building for the Nagpur University has now been started by the Government of the Central Provinces. A College of Science has been sanctioned at an estimated cost of eleven lakhs of rupees and the main university building is under construction. The building will cost about two lakhs of rupees, towards which Messrs. Tata and Sons have made a generous donation of one lakh.

Several universities have extended their educational activities. Rangoon, for example, has opened courses in forestry, engineering, geography and geology. Delhi has established Law Classes, Nagpur has affiliated the local Agricultural College, and Benares has added no fewer than five professors and several assistant professors to the staff.

Before leaving the subject of Education, it is necessary to say something about European Education in India. The Domiciled European and Anglo-Indian communities in India show a keen appreciation of the value of education up to the high school standard. The aims of European education now-a-days tend to diverge somewhat from province to province. In Bengal, for example, there is a growing tendency to suggest that courses in European schools be brought into substantial conformity with those of Indian Schools, so that they might be affiliated to the local university. On the other hand, the Punjab Government has decided to continue to relate the work of European schools to the Cambridge Examination. It is unfortunate that very few European scholars in India go on to the Universities—a fact which gives rise to a serious consideration. As Indianisation in the different services progresses, the openings for the employment of Europeans in them must correspondingly contract. Hitherto railways and government departments have absorbed large numbers of domiciled Europeans and Anglo-Indians, but these numbers are bound to diminish in the future. The learned professions have so far not been very popular with Europeans and Anglo-Indians, but there is no reason why they should not be so in future. The boys and girls of these communities should be encouraged, in order to fit themselves for the conditions of life in modern India, to regard university education as their normal objective, and to turn their attention to the professions and to business rather than, as in the past, almost exclusively to Government service.

Local Self-government has had a chequered career during the year. Some Local Governments report that the rural units of local self-government have worked more satisfactorily than the municipalities, whilst in other cases the reverse is true. It is very interesting to note that, with few exceptions, the politics of members of self-governing units have not affected very obviously their work on the boards and municipalities—Swarajists and Non-co-operators having played their part in the self-government of their localities.

During the year under review there has been no marked improvement in municipal administration in Bengal. The Local Government reports that chairmen and vice-chairmen are often so burdened by their private affairs that they are unable to devote sufficient time to their public duties, a circumstance which led to a lack of supervision over municipal officials of all grades who are often underpaid, and, in consequence, not very competent. This, no doubt, accounts very largely for the unfavourable financial position of many municipalities. There is a general low incidence of taxation resulting in an income which in most cases is quite inadequate for the improvement of sanitation, primary education, roads, water-supply and the like amenities, although it appears that a considerably increased and properly distributed assessment would not bear hardly on any of the municipalities. Any suggestion for enhancement of assessment is usually met by strong opposition from the public, and the Municipal Commissioners, aware of this, fear to lose their support at the next election by advancing any such proposals. For similar reasons they do not exercise the powers conferred on municipalities to enforce the payment of taxes. The total of arrears for the whole province rose during the year to more than 13 lakhs of rupees. It is satisfactory, however, to note that there are some municipalities which insist on the regular payments of taxes, whilst in other places rate-payers themselves are taking action to improve this state of affairs.

The administration of District Boards by non-official chairmen, on the other hand, was generally satisfactory during the year. The majority of the Chairmen and Vice-Chairmen evinced a keen interest in the discharge of their onerous duties, which, involving, as they do, much touring and supervision, can only be adequately done at the cost of some sacrifice in private affairs. Financial stringency still to a great extent hampered the work of District Boards, and it is clear that with an expenditure that amounts to only four annas per head of the population concerned, endeavour can touch only the fringe of necessity. On the one hand, there is a constant demand by the public for a higher standard of development in education and communications, whilst on the other hand, the prevailing unhealthiness of the country calls for greater attention to water-supply, sanitation and medical relief. With a normal income that is almost stationary, Boards can concentrate on any one scheme only at the cost of diverting funds from projects that are no less urgent. Yet, in spite of financial difficulties several District Boards have opened numerous centres for the treatment of malaria and kala-azar, while, in some districts, grants have been made to assist co-operative anti-malarial societies. Some Boards, having come to the conclusion that the provision of drinking water is a need of paramount importance, have largely increased their expenditure for that purpose.

Up to the present no means of augmenting the resources of Boards to any considerable extent has been devised, but some hope of improvement in matters financial may lie in the extension throughout the districts of Union Boards, which, when they reach the stage of being willing to impose local taxation to meet the elementary needs of the villages, may possibly lighten the burden now resting upon District Boards. One of the chief obstacles to the formation of Union Boards hitherto has been the quite baseless belief that under their regimé taxation is compulsory.

With a public unaccustomed to the idea of local taxation it has, therefore, been found desirable in places where strong opposition has been encountered, not to press for the creation of Union Boards. It has also been found that for the preliminary work of winning the confidence of the people, it is essential to have Circle Officers on the spot, and that little can be effected if officers are not appointed until after Boards have been constituted. In spite of these causes making for delay, the introduction of Boards progressed during the year and although the majority of the Boards are still reluctant to apply the powers of levying taxation with which they have been invested, others, especially in the Dacca and Burdwan Divisions, have done so with good results. Much depends on the character and personality of the President and, where these have made themselves felt, the work done has been most satisfactory. Where Union Benches and Union Courts have been formed, they have disposed of a satisfactory amount of minor criminal cases and civil suits, and have proved popular with the villagers. Union Committees which number 100, did little work and many of them are almost moribund.

In Bihar and Orissa, considerable progress was made, during the year, under the Provincial Administration Act of 1922. More than 100 Union Boards and 80 Judicial Panchayats were constituted in the various villages of that province. During the summer, an important conference was held in Ranchi which was attended by the chairmen of almost all the District Boards in the province. Its chief object was to bring about a closer co-operation and a better understanding between Government and the non-official chairmen regarding the various problems connected with the expansion and improvement of primary education. It was felt that a personal and informal discussion of this and other matters might do good, and there is reason to hope that the conference succeeded to a great extent in this object.

The Provincial Administration Report lays stress, however, on certain very grave features in the administration of Local Self-government in Bihar and Orissa. One of these features is the influence of Congress politics on the administration of local bodies, and another is the prevalence of personal feuds among the members. In some places, servants of District Boards and Municipalities have been pressed to clothe themselves in Khaddar, and in some schools, hymns, ostensibly patriotic but anti-Government in spirit, have been prescribed to be sung each morning. Absorption in politics has not infrequently led to the neglect of administrative business, and it is reported that in January 1925 the Municipal Commissioners of Patna City failed to meet because their chairman was occupied in Congress affairs. In the previous year the chairman and vice-chairman, of this muncipality, both Swarajists, had tendered their resignations, but were induced by their political supporters to withdraw them. Early in 1925 the growing opposition to their financial proposals and the increasing confusion of municipal affairs brought about by the existence of rival factions, led them to resign again, and this time their resignations were effective. Matters went from bad to worse, until in May the residents of the West End, who include most of the leading professional men of Patna, indignant at the heavy rates which they were called on to pay and the absence of corresponding municipal amenities, started a movement for the separation of Bankipur from Patna City and the division of the present municipality into two bodies. This agitation gathered strength during the remaining months of the year, and at last "bifurcation" was freely canvassed as the only alternative to supersession. In December the matter was formally brought up before the municipal board in the form of a resolution; and, when the advocates of bifurcation were defeated, twelve of the commissioners resigned.

On the other hand, more hopeful signs are not altogether wanting. When the district board of Saran voted an address to a Sadhu, who had just emerged from two years' imprisonment for sedition, the chairman, himself an extremist, declined to support the motion or to lend his motor-car for the occasion. Many of the addresses presented by the local bodies to Mr. Gandhi, when he visited this province, scrupulously eschewed all reference to politics. An interesting development took place in the Muzaffarpur district board towards the end of the year. The Swarajists had obtained a clear majority at the last election and had put in their extreme members as the board's executive. Now, the right wing, resentful of the abuse of their position by the extremists, particularly in the matter of giving contracts, has broken away and joined forces with the nominated and European members, thus securing a majority on the board.

In illustration of the factious quarrels which have done much to paralyse the transaction of ordinary business, it may be mentioned that the commissioners of Deoghar municipality filed a suit against their chairman on purely personal issues, while a private feud among the commissioners of Madhupur culminated in a resolution calling on the chairman to resign. The prosecution of these demoralising quarrels has absorbed most of the time and fervour that should have been spent in the administration of public affairs.

As in Bengal, the reluctance to incur unpopularity by increasing taxation is still a serious bar to progress and is responsible for the financial embarrassments under which some municipal boards are now labouring. Sanitary arrangements are among the first to suffer from a decline in the efficiency of local administration, with obvious effects on public health.

In Madras, the restoration of the finances of district and taluk boards engaged the attention of the Government during the year. In a number of districts, district committees consisting of the Presidents of district and taluk boards, the local Collector (*i.e.*, District Magistrate) and Treasury Officer, framed normal budgets for a number of local boards in various districts and these were considered by the Government. Local bodies now maintain banking accounts for their elementary education funds distinct from the account relating to their general funds. The compilation of the accounts of taluk boards is now done in the offices of the district boards and the Government pay to each district board a subsidy to meet the cost of Accountants. Early in the year Government ordered that local bodies must not overdraw their accounts in treasuries.

The privilege of electing their President was extended to two more district boards and to four taluk boards.

With a view to improve communications in villages, the Government granted Rs. 6·25 lakhs to local bodies for that purpose, the condition being that each body should ordinarily contribute a sum equal to the grant for that district. It is interesting to note that the amount thus allotted for the improvement of village communications was granted from the remission in the provincial contribution to the imperial exchequer. The movement to establish panchayats in villages so that the villagers may manage their own affairs appears to be gaining strength. During the year over two hundred new panchayats were formed under the Madras Village Panchayat Act (1920).

In Assam, the chairmen of municipalities are, as a rule, taking a keen interest in their duties, and during the year a much larger number of meetings of municipalities were held as compared with the previous year, but the average percentage of attendance of members fell off a little. Recently the question of increasing the finances of local bodies has much exercised the Government of Assam and during the year some slight progress was made in this direction. The average incidence of taxation per head of population rose from Rs. 2-14-1 to Rs. 3-0-1, *i.e.*, by about 2*d.* a head, whilst the total income of the municipal bodies increased from Rs. 8,36,324 to Rs. 8,85,390, that is, by about half a lakh. There are now seven municipalities in debt to the Government, but all are solvent and the liabilities are not heavy. The accounts of seventeen municipalities were audited by the Examiner of Local Fund Accounts during the year. His report showed that in some places there is a need for stricter supervision and closer adherence to Accounts Rules. In certain municipal accounts irregularities were found whilst there were cases of misappropriation of public money in two municipalities. There is little to report concerning the working of local boards in Assam during the year. Two district boards asked for official chairmen to be nominated whilst one elected a non-official for the first time. The number of non-official chairmen is now 12 as against 13 in the previous year. As in previous years, they continued to spend a large percentage of their "free" income on education—no less than 27 per cent. being devoted to this object. The opinions of all the members were invited on the possibility of increasing their resources but no unanimity was displayed, and only a small minority were in favour of increasing the local rate—the only course likely to provide a really substantial increase in income. The other new sources of income proposed, such as taxes on vehicles in rural areas, fees for monopolies of public motor traffic, and the leasing of road-side lands, would yield but little. The number of Village Authorities rose from 204 to 219, and they continued to do good work particularly in the Assam Valley. The question of amending the Assam Local Self-Government Act is now before the Provincial Government. In the Surma Valley the Village Authorities are apparently regarded by the local boards as mere disbursing agents and are now denied any semblance of independence. The whole question of village organisation is, however, under the consideration of the Government of Assam.

In the Central Provinces the chief features of the period under review were the reconstitution of municipalities under the Municipalities Act of 1922, and the completion of the reconstitution of district councils and local boards under the Local Self-Government Act of 1920 throughout the province. The rules governing the constitution of the Central Provinces municipal committees were sanctioned early in 1924-25, and subsequently elections were held in almost every municipality. Everywhere large numbers of electors are reported to have recorded their votes, and it is clear that the wide extension of the franchise effected by the new Act has stimulated interest in municipal elections. In Berar the rules under the new Act were not sanctioned till the close of 1924-25; but elections have since been held in most of the municipalities, the reconstitution of which will be completed early in 1926. The local board elections in Berar were remarkable for the sweeping victories gained by rural non-Brahman candidates. This has resulted in the election of large numbers of members with little or no previous experience of local self-government; but on the other hand as a body they are reported to be less suspicious of the help and sympathy of Government officers than some of their more politically advanced predecessors. Moreover, under the new Act each member of a local board is required to reside in his constituency; this is bound to have valuable educative results in rural areas, and to keep the boards more in touch with local needs and problems than was possible under the old system.

A falling off in attendance of meetings was a common feature of all local bodies during the year. This, however, was due not so much to a lessening of public interest as to the pre-occupation of members with the approaching elections. The number of meetings held by municipal committees was again excessive, the cause being the general reluctance of committees to delegate powers to office-bearers or to sub-committees. The relations between almost all local bodies and Government officers were very satisfactory, and the work of the year was much less influenced by party and political considerations than in the recent past.

The income of both municipal committees and district councils was practically the same as in 1923-24, in spite of increased Government grants. In the case of municipalities this result was unexpected in view of the favourable trade conditions of the year, and, though partly due to the effect of plague epidemics on octroi and other receipts, was mainly due to the failure of many committees to collect their taxes. The expenditure of all local bodies largely increased, and consequently their closing balances showed considerable reductions. In the case of municipalities there were large increases in the expenditure on water-supply, education and dispensaries, and in that of district councils on education, civil works and dispensaries. Progress in the introduction of compulsory education was slow, but many local bodies have been at work on the preparation of schemes, which give promise of considerable developments in the future. But it must be emphasised that any progress in this direction, or in sanitation or public health, must depend on the use by local bodies of the wide powers of taxation conferred on them under the new Acts, and on the prompt collection of taxes. There are signs of a growing realization of these facts, particularly among the district councils, five of which introduced new taxes or tolls during the year. Steady progress was made in the transfer of local dispensaries to the control of local bodies; in municipalities 28 out of 74 and within the jurisdiction of district council 64 out of 106 local dispensaries had been transferred at the end of 1924-25. The reports of the Examiner of Local Fund Accounts again disclose, particularly in the case of municipalities, an increasing number of financial irregularities and an increasing delay in the disposal of Audit objections, and they comment strongly on the large volumes of arrears of taxes and the neglect of important financial rules. In this feature of the working of local self-government there is an obvious menace to its future progress.

Towards the end of 1924 a Local Government Advisory Board was instituted with the object of bringing members of the Legislative Council and the general public into closer touch with the administration of municipalities, notified areas, district councils, school boards, circle boards and hospital committees. The Advisory Board consisted of six elected members of the Legislative Council and four members nominated by Government under the Chairmanship of the

Minister in charge of Local Government. No fresh elections occurred during the year, and the personnel of district councils and circle boards therefore remained unaltered; with the result that the same shortcomings were visible in the matter of accounts. These bodies consist for the most part of agriculturalists, traders, teachers, etc., who have never been accustomed to accurate accountancy in their private concerns; so that it is not unnatural to find them, in the present early days of local administration, displaying an attitude of indifference, and even at times of hostility toward the processes of budgeting and audit. The accounts of three-fourths of the district councils were found to be unsatisfactory; a matter which only a longer experience can be expected to remedy. On the other hand, these local bodies have displayed an increasing interest and intelligence in their administration, which augur favourably for the future. Village headmen continued to take no important place in these local self-government organisations.

The most important event in the year in Bombay, undoubtedly, is the failure of the scheme for reclaiming a portion of the Back-Bay. By the beginning of 1926 it was clear that the completion of the original scheme had become a financial impossibility and the Government proposed to complete only three of the 8 blocks which it was proposed to reclaim under the original scheme. The main reason for the failure of the latter was stated by His Excellency the Governor of Bombay in his address to the Bombay Legislative Council on February the 22nd. During the post-war boom, land in Bombay sold at prices never heard of before. The Back-Bay scheme was based on estimates of pre-war prices of land. Had the demand for land continued, the scheme must have been a great financial success even on largely increased estimates. As the whole question of the Back-Bay scheme is still a matter of controversy, it is not possible to say anything more about it here.

In the Punjab increasing efforts are being devoted to improving the working of district boards and to measures calculated to make their proceedings of real practical value. Efforts are also being made to expand their incomes, for, although they are very generously treated by the Punjab Government, the latter has its own problems of growing expenditure to face. The working of municipalities in the Province gives rise to certain criticisms in the Provincial Administration Report for 1924-25 which says that there is reason to believe that the disposal of business by many committees is far from satisfactory, and that even if arrears of business are not allowed to accumulate, this result is only avoided by rushing important matters through without proper consideration after devoting quite unnecessary time to matters of perhaps comparatively trivial importance. Where the right type of man is available and is willing to spare the time and energy required of a member of a local body, the local administration functions with moderate success; where such men are not available or are unwilling to play their part in local affairs, the administration effects nothing.

The Report further complains that the amount spent by local bodies on roads was clearly inadequate, not only from the point of view of communications, but also from that of public health, and that no attempt is made by Committees to enforce model bye-laws where they exist. The report of the Local Audit Department again, reveals grave financial irregularities on the part of local bodies, due largely to the inefficiency of the staff employed. The Punjab Small Towns Act provides for the small towns of the Province a simpler form of administration than that provided in the Punjab Municipal Act and in all 104 small towns have now been constituted. There is a large and useful field for the activities of panchayats under the Village Panchayat Act, if properly worked, but so far very little has been accomplished.

Local Government in the United Provinces during 1925 presents no very remarkable features. The end of the year brought also the end of the first term of the non-official district boards. Readers of past numbers of this report will remember that district boards in the United Provinces have been completely de-officialised and some comments on their working during the past three years may, therefore, be of interest. Naturally no final judgment can be passed at present on the degree of success achieved by the new policy towards district boards, which has only been operation for three years, but the experience now available reveals one or two disquieting features. The Boards have made hardly any real efforts to overcome the financial difficulties which have faced them during these years. "So far" runs an official report "no board has had the courage to enhance the local rate, and only a few have taken the preliminary step of imposing the tax on circumstances and property, the yield of which is too small to make an appreciable improvement in the board's position. Yet the incidence of taxation is remarkably low. As a result, the effort to balance the budget has led to excessive economy over such important matters as road repairs and dispensaries. Metalled roads which have now been transferred to district boards for maintenance, are often in a deplorable condition; the floods of 1924 only accelerated the rapid depreciation which was already proceeding. Some boards have drawn on the future by applying to current needs balances accumulated for other definite objects, closing balances have progressively decreased, and the sale of investments has brought only temporary relief at the expense of future income." It is hoped, however, that wider experience will enable much improvement to be made over this state of affairs.

A brighter picture is presented by the Municipalities, whose total income has risen appreciably and who depend far less on government aid than do the district boards. Their work also compares more than favourably with that accomplished by the rural boards. Compulsory primary education has been introduced, electrical installations have been arranged, and water supplies have been generally improved. But there is still much scope for improvement in measures of public health and medical relief.

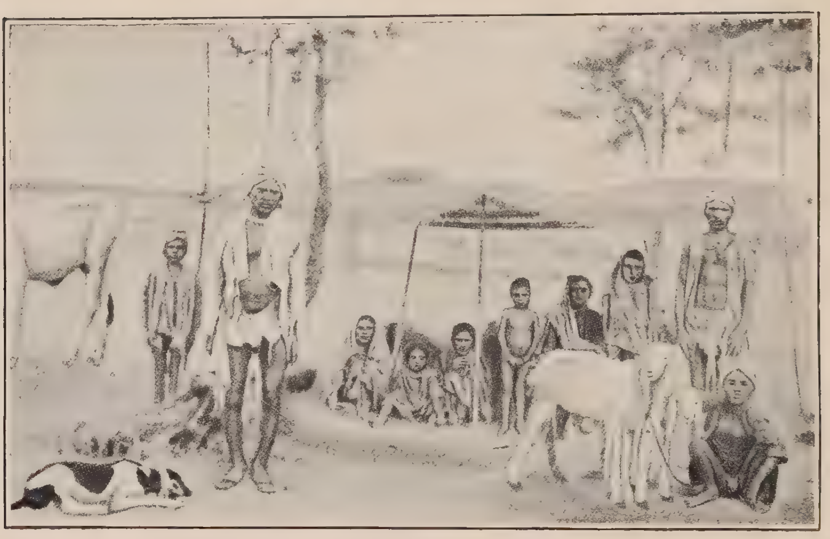
Village Panchayats have still to justify themselves. They have been most successful, perhaps, in their exercise of the minor sanitary powers allotted to them, and the general conclusion to be drawn is that, at the present stage, the Panchayat movement can be better served by weeding out bad panchayats rather than by opening new ones promiscuously. New Panchayats should only be opened when the material available is good and local conditions are such as to hold out a promise of success.

A very slight acquaintance with conditions in India will reveal the almost insuperable difficulties in the way of the improvement of public health. Hardly anywhere in the vast country are modern sanitary arrangements possible. Outside the larger towns, almost the only doctors to be found are those in Government hospitals and dispensaries. Malaria and hookworm are regular features of the life of many millions of India's population, whilst plague, kala-azar, and cholera are endemic in some parts of the country. The most elementary principles of hygiene are unknown to scores of millions of people in India, and to vast numbers of others, they would, if known, appear, if not irreligious, at any rate fantastic. It might seem, therefore, as though purely Governmental action could do nothing more than touch the fringe of the problem presented by such conditions as these. Yet year by year the Provincial Public Health Departments get a little deeper into the problem, improving sanitary conditions in one place, extending hospital facilities in another, and teaching children in schools, and parents in co-operative societies, on rural boards, or in adult schools, the elementary and more easily understood notions of hygiene. Arrangements for reporting the outbreak of infectious diseases are steadily improved and researches into the causes of their genesis and extension are undertaken. It may, perhaps, be difficult for a Provincial Government to say definitely at the close of a year that the public health is better than it was at the beginning, but as one studies the reports and figures year by year, one sees that, after all, progress is being made in this vital subject. The general death rate, and the mortality among babies shrinks decimal point by decimal point. Areas which have been ravaged by plague are at last declared free from the scourge; great fairs and places of pilgrimage are less and less frequently the scenes of outbreaks of cholera or typhoid. Nothing is more striking to an officer who returns to a district where he has not served for ten or a dozen years, than the increase in hospital facilities, the scale on which quinine and other beneficial drugs are distributed free or at quite uneconomical prices, and the improvement in the medical arrangements generally of the district. Some provinces like Bihar and Orissa try to introduce public health organisations into rural areas with the assistance of district boards, others encourage municipalities and other local authorities to instil water-supplies, and so on.

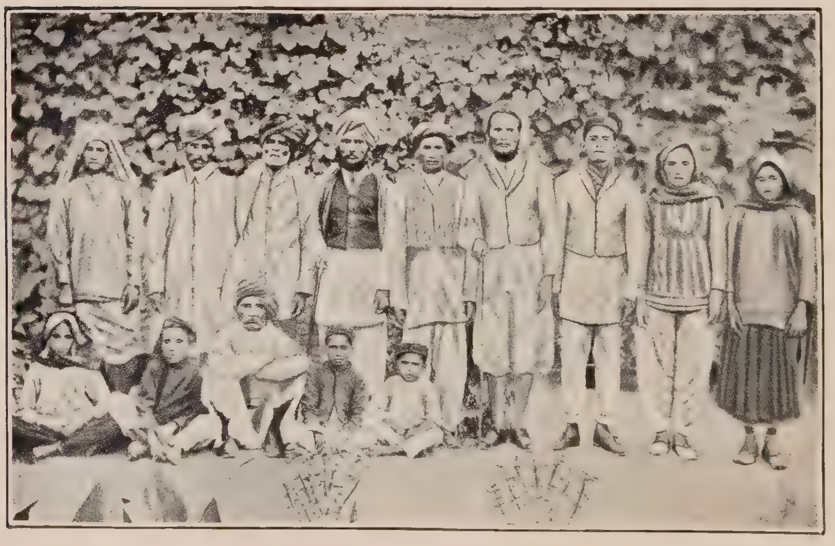
Practically every province in India reported that the health of its people during the year under review was generally good. Bengal reports steady progress in the development of preventive measures against kala-azar, malaria and cholera, through the agency of voluntary organisations—a most satisfactory feature. There, such bodies as the Anti-Malarial Societies provide an adjunct of immense value to the efforts of the official Public Health Department and set an example to the whole of India. Assam also reports progress in the fight against kala-azar, and during the year important researches were made in the improvement of the treatment of this disease by using organic salts of antimony. In both Bengal and Assam, schemes for the cheaper supply and wider use of anti-cholera vaccine have been developed. In the Central Provinces unremitting campaigns have been waged against rats, and during the year two centres for anti-rabic treatment were opened. In Bihar and Orissa arrangements were made during the year for the better supply of febrifuge, for the treatment of kala-azar, leprosy, and venereal disease, and an anti-rabic centre will be opened at Patna when the Medical College there is in full working order. In Burma compulsory vaccination has been extended to more rural areas and a new appointment of Hygiene Publicity Officer was created as an experiment towards the end of 1924.

Hitherto we have been discussing the work of the provinces in the " nation-building " departments, properly so called. Co-operation, education, local self-government and public health, all have the most intimate relations with, and reactions on each other. Even the necessarily brief account of the co-operative movement contained in this chapter shows what co-operation has already done for India's rural population and what immense potentialities it has for the future. Before the Indian peasants who, it must be remembered, are 75 per cent. of India's population, can take much interest in anything outside the daily round and the imminent task of wresting a living from the soil, the crushing burden of debt under which practically every one of them now lives must be lightened, and the ravages of disease which weaken them and cause in the aggregate immense economic harm, must be checked. Then only will they be able to send their children to school long enough to let them acquire an education which will make them better able than their parents to grapple with the circumstances of their lives and raise their standard of living. With increased education will come some realization of what self-government means and what it can do not only for their immediate locality but for the whole nation. It is in these cells of the body politic that a true national spirit can be fostered. When men see their children gaining demonstrable benefits from the schools kept up by local authorities, and when they themselves benefit by the efforts of those same authorities in bringing light and water into their houses, and roads into their neighbourhoods along which they can drag their produce economically to market in carts, instead of taking it painfully and expensively on their own heads or on the backs of bullocks and donkeys, then they will begin to realise what community of effort can do for them.

There is another department of Government activity in which the united efforts of all sections of the public are vitally necessary for success. This is the Police Department, and the maintenance



Some of the Bhedkuts rounded up in 1917.



Bhedkuts at Bhiwani Settlement after 3 years' residence at Settlement.

CRIMINAL TRIBES RECLAMATION.

of law and order generally. The history of the Indian Police remains to be written, but when it is written, one of its most striking features will be the extent to which the success of purely governmental efforts depends on the old traditional Village Police, who are not police in the modern sense of the word, but are the servants of the village community charged with simple duties of watch and ward and giving information to the officers of Government. This feature of Indian Police Administration is stressed by all police regulations, commissions and committees, from Warren Hastings' Regulations of 1772, which was the first real attempt to grapple with the police problem in British India, down to the Report of the Royal Commission on the Indian Police of 1902-03. The present Constabulary Police System in India is highly centralized on a provincial basis. Such Municipal and Rural Police as exist in British India are merely bodies of watchmen, and investigation and other Executive Police functions are the work of the Government Police. **The basic unit of police** organisation is the Thana or Police-Station. Now there are rural police stations in India with jurisdictions almost as large as some English countries, with staffs of not more than a dozen men. It is obvious, therefore, that for information, and assistance in investigation, and watch and ward, the Government Police must rely to an almost unlimited extent on the village officials, and the closer the contact and co-operation between these latter and the regular police, the more successful is the police working, and the more satisfactory is the general state of the police station jurisdiction.

Indian society contains many potentially criminal elements which need only opportunity to come to the fore. Most villages of any size have their Badmashes, *i.e.*, bad characters, who are known to turn their hand to theft, burglary, or even more serious crimes when circumstances permit. There are many criminal and wandering tribes in India, who, from time immemorial, have lived by the same sort of nefarious arts as were practised by Gipsies in Europe until a generation or two ago. Even men of good families of the " squireen " type are frequently found as leaders or members of dacoit gangs, *i.e.*, gangs who commit burglaries and robberies with violence. The growth of communications in India, particularly of railways, has greatly facilitated the commission of certain kinds of crime. For example, members of a criminal tribe in Rajputana can come up into the Punjab, commit a dozen burglaries and be back again in Rajputana within the week, leaving no trace of their identity behind them. In fact, the criminal elements in Indian society are pressing all the time on the police administration, and whenever circumstances permit, they break through it and cause havoc in the area exposed to them. The Indian peasants, and also many members of the professional and landed classes, do not as a rule bank their savings. They put them into the form of gold and silver jewellery for their wives, or bury them in hard cash in some secret places in their houses. Dacoit gangs have rough and ready methods of finding out these hiding places, and for the unfortunate victims, a robbery or dacoity is what the failure of his bank is to a middle-class Englishman. Also, police enquiries into crimes may cause immense dislocation in village life. Sometimes large numbers of the able-bodied population of a village have to be present for days at a time at the scene of investigation, and the subsequent trial of the case means still further loss of time and often a long journey to the district headquarters, at a time, perhaps, when it is vitally necessary that all available hands should be ploughing the fields or reaping the harvest.

Speaking at a Durbar at Kasur in the Lahore district in July 1925, Sir Malcolm Hailey, Governor of the Punjab, made some very notable comments on this subject. He showed how the movements of politics are to the man in the field more sound and fury. His interest is in domestic things, and in the fall of the rain, the growth of his crops, and the welfare of his bullocks. He wishes mostly to be left alone in security to carry out his rustic occupations. The Durbar at which Sir Malcolm spoke was held for the purpose of distributing rewards to members of the Lahore Police and of the public of the Kasur sub-division, who, during the preceding months, had co-operated with each other to such an extent that the very name of Kasur had become one of ill-omen to all law-breakers. Under the stimulus of the District authorities, villagers had formed themselves into watch and ward parties who had gone out boldly at night, had met and fought with gangs of dacoits armed with lethal weapons, and had taken numbers of them prisoners. The record of brave deeds performed by villagers and police was one which would do credit to any community in the world, and a grim exposition of what police work means, even in the capital district of the province, was afforded by the sight of a widow walking up to take from Sir Malcolm's hand a reward earned by her husband who had been killed in an encounter with dacoits.

So, to the nation building activities of local Governments must be added Police Administration, because the protection of life and property in the lonely and widely scattered villages of India is the basic condition for progress of all sorts. If a peasant's bullocks are stolen or poisoned, or if the gold and silver ornaments which represent the marriage expenses of his children are taken from him, he is a ruined man. For him there can be no hope of getting out of the money-lender's clutches and he must perforce sink deeper into debt. An outbreak of violent crime means death and injury for numbers of breadwinners, imprisonment for the offenders, and ruin for their families.

During 1924, the latest year for which figures are available, while crime in India, particularly violent crime, was appallingly rife according to Western notions, almost all provinces reported a continued receding of the wave of crime which swept India in the years immediately following the end of the War. The Central Provinces, for example, report that cognizable offences, that is, offences for which police can arrest without warrant, showed the lowest number since 1916. Bombay was comparatively tranquil; murders, robberies, dacoities, house-breaking, cattle theft, all showing a decrease.

In the United Provinces immense gangs of dacoits, some hundreds in number, were finally rounded up during 1924 and 1925 by the police, who thus removed an intolerable burden from a large part of the province. The Bengal Government reports a general improvement in the state of crime, the diminution in the number of thefts and burglaries being particularly noticeable in that province. The police concentrated their efforts on areas where crime was rife, and in the Dacca District, for example, vigorous action taken against dacoit gangs practically stamped out dacoity in that area. Revolutionary crime has been quiescent during the year owing to the operation of the Bengal Ordinance. In the Punjab, action was taken against a number of bogus Banks with results which must be of great economic importance, for the province has long suffered from bank and other forms of swindles. During 1925, too, the Punjab Police started an organised enquiry into the commission of burglaries in the province, and, in co-operation with the

Police of the United Provinces, have now undertaken a campaign against cattle-thieves on the adjoining marches of the two provinces. A gang of dacoits which had terrorised the Central Punjab, particularly the Lahore District, for some weeks was destroyed by the concerted action of villagers and police. Burglaries and dacoities, in which firearms are regularly used, are still a grave menace to the welfare of the Punjab, but the Police are steadily crushing it and continuous improvement may be hoped for. In Burma, unfortunately, the state of affairs is less satisfactory than in other provinces. During 1924, the figures for robbery and dacoity were the highest ever recorded, and the number of reported violent crimes was 55 per cent. in excess of that of five years before. In Bihar and Orissa the latest figures available show no special features. In Madras, schemes for the improvement of the staff for the investigation of serious crime and provisions for the reformation of criminal communities have recently met with some success.

A noteworthy feature of Indian crime at the present time is the forging of currency notes. This is one of the most serious problems which faces the police administration of every province in India. Some of these forgeries are extraordinarily good, and some of the work of a Punjab gang recently deceived even expert examiners. The old currency notes for Rs. 10 and Rs. 50 were almost identical in appearance, and one gang of forgers, rounded up by the Punjab Police in 1924, had made the alteration of the figure 10 into the figure 50 its speciality. The Criminal Investigation Departments of the different provinces are continually breaking up gangs of note-forgers, and police reports from all over India show that the work of these criminals is becoming continually more dangerous and difficult.

Railway Police all over India reported during 1925 considerable improvement in various features of their organisation and consequently greater success in dealing with railway crime.

One of the most pleasing features of recent police reports is the growing appreciation by the public of the work which the police do on their behalf. A small Committee, under the Presidentship of an ex-judge of the Punjab High Court, toured the Punjab during the cold weather of 1925-26 to enquire into the possibilities of improving police administration and still further reducing corruption. Witness after witness asked that existing bodies of town watchmen might be replaced by regular police, a spontaneous and striking testimony to the real feelings entertained towards the police as opposed to the rhetorical attacks on the force which are apparently regarded as *de rigueur* in some quarters. The latest report of the Police Administration in Bihar and Orissa, for example, gives a number of specific cases in which the public have expressed their gratitude for good police work, and their admiration for acts of bravery performed by police officers. The latest report from the Central Provinces also mentions growing cordiality in the relations between police and public, and the same is true of other provinces. What can be accomplished by co-operation between the police and the public we have already seen in our discussion of the Kasur Durbar and another notable case, again from the fighting Punjab, deserves to be mentioned here. In March 1926, a gang of trans-border desperados from the Khyber Pass descended on Hassan-abdal, a town in the Attock District of the North Western Punjab. The district authorities had already arranged for concerted action between the Police and the martial villagers of the district in the event of just such an emergency as this. The arrangements worked well. Police and villagers came up with the gang and killed five of them, an action which will undoubtedly stop transborder raids in those parts for many a long day.

It is greatly to be desired that this growing co-operation and good feeling between Police and Public should extend itself to members of the legislatures, both Central and Provincial. Police is a Reserved Subject, but every Budget debate of every provincial council in India shows what influence the Provincial legislature can exercise over police administration. In most provinces cuts in police expenditure have been made as the result of resolutions moved, and criticisms passed, upon police working. Complaints in the councils against the police are assured of speedy enquiry and action where necessary. The prevailing view, among many educated Indians, of the Indian police as a tyrannical and corrupt body, is to some extent a survival from the days before 1861 when the present Indian Police came into existence. Before that day there were a large number of ill-organised, ill-supervised, and inefficient local police forces, whose members did, undoubtedly, commit many offences against the public whom they were supposed to protect. Their malpractices were exposed in the report of the Madras Torture Commission of 1855, and within recent years stories taken from this report have been quoted against the present police, which is just as reasonable as reproaching the Metropolitan Police with the short-comings of the old Watch, or the modern Prison Commissioners with the atrocities denounced by John Howard. Of course, the Indian police are not free from faults, any more than any other police force, but the exploits which earn for its members the coveted King's Police Medal show the morale of the men composing it, and the quality of the investigation work reported year by year testifies to the great possibilities of its professional competence. Every year, numbers of officers and men of the Indian Police lay down their lives to protect the people committed to their charge, and the people themselves, though unvocal, are not ungrateful. In the United Provinces, ten police officers were killed, twenty-one were wounded, and twenty-five contracted a fatal disease whilst on duty during the twelve months ending with April 1st, 1926. In the Punjab during the same period, four were killed, thirty-four were wounded, and one died of disease contracted in the discharge of his duties. These figures are a measure of the work of the Indian Police and a testimony to the staunchness and devotion of its members. When a police force consists of such material as this, it is only commonsense to temper criticism with sympathy and understanding, for, the higher-mettled the men criticised, the more readily will they respond to fair and reasonable criticism, and the greater will be the benefit both to themselves and the people whom they serve. In these days there is a continuous demand for economy in expenditure on police as on other departments of government activity, but it must be remembered that economy and efficiency are not necessarily convertible terms. In every Province in India, recruits have to be taken off the square and out of the Lines Schools to perform the duties of trained men, because the numbers of the district police are in nearly all places inadequate to the many duties which they have to perform. This is a point which, in common fairness, should be borne in mind when criticisms are made either of the efficiency or the discipline of the Indian Police.

In last year's report an account was given of the Cawnpore Communist conspiracy case. In so far as it has clearly affirmed the criminal character of all activities—however, ill-conceived and futile—that are directed towards the subversion of the State, the judgment in that case has probably done much to discourage active oraganising work of the kind for which M. N. Roy's confederates were tried and sentenced. On the other hand, there has been constant evidence throughout the year of sustained efforts to disseminate propaganda designed to create a revolutionary spirit among the masses with the same ultimate object as before, namely, the overthrow of the entire existing social and political system. In one of the printed manifestos which he has had widely distributed in India, Roy disowned all belief in the popular concept of revolution as a thing of bombs, revolvers, and secret societies; individual outrages were as futile as Acts of the British Parliament; it is the rebellious masses alone which can bring about a great socio-political convulsion in India. Generally speaking, it would appear to be towards the spread of such doctrines among the Indian masses, more particularly the industrial workers, that the efforts of Roy and his employers have been chiefly directed. The usual means employed have been the sending into India of considerable quantities of communistic literature, specially designed for consumption in this country, and intended for widespread distribution. China, as well as Europe, has been occasionally used as a base for the despatch of material of this description. Occasionally also, communications are addressed to Labour or other organisations and even to private individuals. For example, during the 6th Session of the All-India Trades' Union Congress held at Madras in January 1926, two telegrams were received from Moscow containing blatant Communist propaganda, and urging the necessity for the linking up of the Trades' Union Congress with the Trades' Unions of the U. S. S. R. In all these directions there has been more activity than the immediate results achieved would appear to repay. Efforts, too, have been made to influence the course of Indian labour disputes by remittances of money or by promises of moral support to the strikers; but here again, the success of these manœuvres has not been manifest, at least on the surface. The need which the Communists have long felt of a Press of their own in India has, during the recent months, been met by the publication in Bengal of a paper entitled Langal (Plough), which champions the rights of labourers and workmen on the usual lines. The success of this venture from a commercial point of view appears to be extremely doubtful, and it will probably be this consideration that will, in the end, decide whether the Party are able to continue the paper or not.

The year 1924 was further noticeable in that it witnessed the open establishment at Cawnpore of a society known as the Indian

Communist Party. The founder and organiser of this body was one Satya Bhakta, who considered that the Judgment of the Lower Court in the Cawnpore case had settled that to have faith in Communism was by itself no offence, the conviction of the accused being due to their treasonable designs against the State; thus the fear of the law against Communism had been removed. The avowed object of the Party was to ameliorate the condition of the poor and the labouring classes in every way possible; the term "labourers" was to include peasants, clerks, railway and postal officials, police constables, and students. The final goal of the Indian Communist Party was announced to be that "the present social organisation and the Government of India should be changed; that all sources of production and distribution (such as lands, factories, mines, telegraphs, merchant marine, etc.), should come under the possession of the general public, and that they become masters thereof; and that this work should be accomplished in such a manner that all may take part in it and benefit from it." The Society, early in its career, received some advertisement consequent on the proscription of one of Satya Bhakta's leaflets; but, on the whole, its growth does not appear to have been very rapid or vigorous, despite the fact that branches were said to have been established in various other Provinces. The society, however, managed to organise the first All-India Communist Conference, which was much advertised, and was eventually held at Cawnpore at the end of December 1925 under the presidentship of one Singaravelu of Madras, who was one of the accused in the Cawnpore Case, but who was never actually put on his trial owing to his indifferent health. The proceedings of the Conference appeared to have been conducted in an atmosphere of considerable depression, the Communists having been refused the use of the pandal of the Indian National Congress, which was then in session at the same place. Some 500 delegates attended, of whom approximately 90 per cent. were of the labouring and cultivating classes, who, it is to be imagined, understood little or nothing of the proceedings. The Presidential address was somewhat colourless and uninspiring, and the resolutions passed were not of much importance. Considerable dissatisfaction was expressed with Satya Bhakta's management of the Party, and it was finally decided to transfer the headquarters from Cawnpore to Bombay, whence they were more recently transferred to Calcutta. Some difference of opinion, too, has revealed itself between Satya Bhakta, the founder, and various other members of the Party. Satya Bhakta seems to have made up his mind to keep the Indian Communist Party free and independent of Russian or other outside influence and support. Some of the other members, who appear to have been able to gain a decision in their own favour, took a different view and favoured affiliation with Moscow. As a consequence, Satya Bhakta resigned, and recently issued a manifesto attacking M. N. Roy, who, previously, had roundly abused Satya Bhakta in the columns of the "Masses of India."

So far as is known, the so-called Indian Communist Party is at the moment extremely short of funds, and has met with but little success in its bid for popular support.

CHAPTER VI.

India and Her Neighbours.

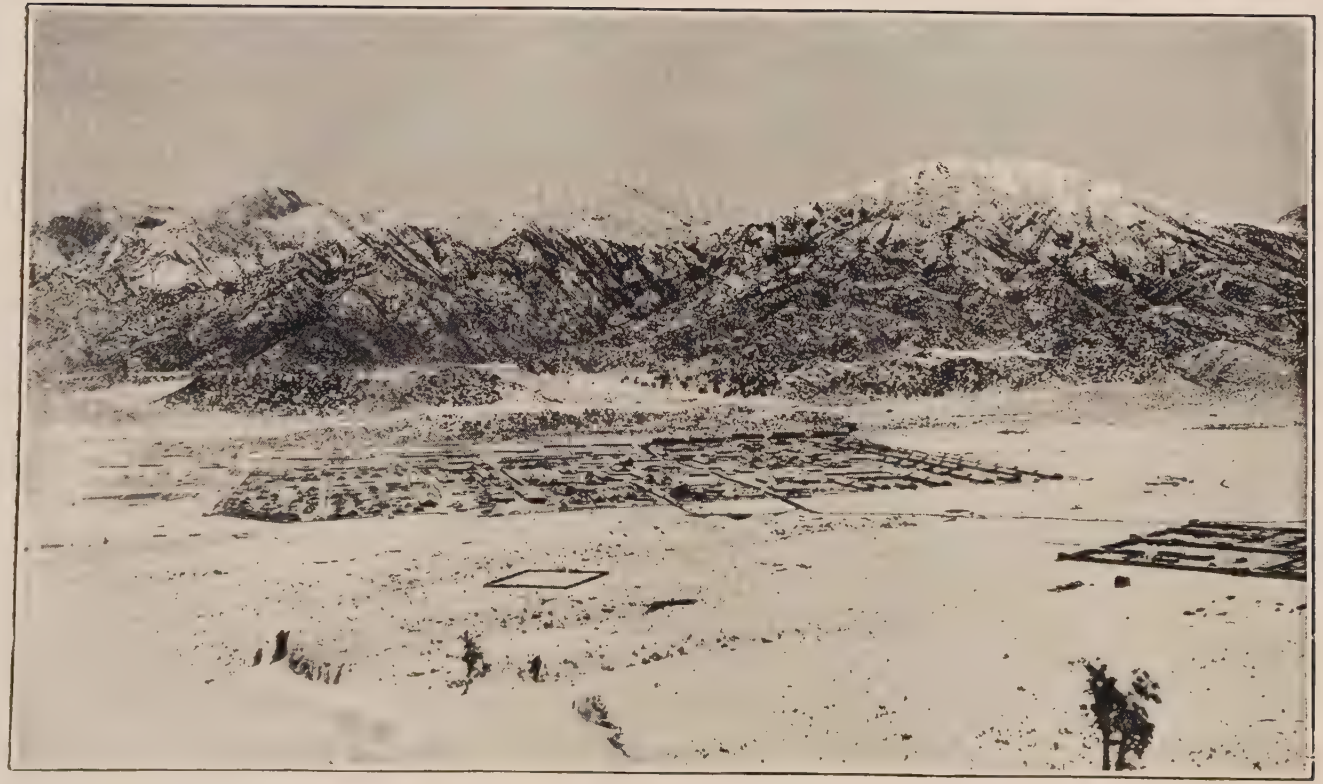
India has as neighbours on the landward side some small and undeveloped states, but here and there, her borders march with those of powers of some importance. A remote and little known corner of Baluchistan runs with Persia from the Koh-i-Malik Siah to the sea, and Northern Baluchistan is bounded by the Kandahar province of Afghanistan. North, again, of Baluchistan, the Durand line, for some hundreds of miles, marks the boundary between Afghanistan and the loosely administered belt of tribal territory which, since 1894, has been formally included within the boundaries of India. From the North-Western Frontier we have to undertake the immense journey to the North-Eastern confines of Burma before, with the exception of Nepal, we again touch an important Independent Power. There, for about a thousand miles, the frontier divides Burma from China. Hitherto no incidents on the Sino-Burmese Frontier have occurred more formidable than the incursions of bands of brigands and so there is no North-Eastern Frontier Problem to compare with that of the North-West of India. South of the Chinese Frontier, Burma touches part of French Indo-China for a hundred miles and then marches for six hundred miles again with Siam.

Thus, Afghanistan and the North-Western Frontier normally focus interest in the external affairs of India.

Here it will be profitable to examine the outlines of the problem of the North-West Frontier of India, for, until they are known, the significance of recent happenings in that quarter will not be perceived by those who have no first hand knowledge of the Frontier.

The Indian North-West Frontier problem is made up of a number of problems which, though they are frequently detached from each other and studied in isolation by writers on this subject, are really inextricable. Four subsidiary problems make up the main problem, and these are:—

(1) The international problem of the relations between India and Afghanistan,



RAZMAK IN SNOW FROM BUKHSHI PIQUET.

(2) The problem of the military defence of the Frontier,

(3) The "Political" problem, that is, the problem of the control of the border tribes by the Indian Government and the question of their relations with similar and kindred tribes in the adjoining parts of British India, and

(4) The problem of the administration of the North-West Frontier Province.

No one of these subsidiary problems should be studied save in connection with the others; for they shade imperceptibly into each other, and undue stress laid upon one will lead to a faulty understanding of the others, and a lopsided view of the Frontier problem as a whole.

The word "Frontier" itself used in this connection has different meanings for different persons. In the first place we are concerned with two frontiers in the generally accepted sense of the word. There is the administrative border, *i.e.*, the border between the five districts of the Frontier Province, and Tribal Territory, and there is also the Durand line, which is the border between India and Afghanistan. By the word Frontier, then, a Frontier Officer usually understands the whole tract of country running from the Hindu Kush in the north down to Chaman in the south and bounded on the West by Afghanistan and on the East by the river Indus. The Hazara District, it is true, lies East of the Indus, but geographically and ethnically it belongs partly to Kashmere and partly to the Punjab, and the tribes on its border, who are mostly somewhat backward off-shoots of the great Yusufzai tribe, do not present such a formidable problem as do the warlike and well-armed people on the borders of the four trans-Indus Districts.

The trans-border tribes are linked to each other from North to South, and military operations against any one of them are apt to produce sympathetic effects among the others. These tribes are among the hardiest fighters in the whole world and only picked and highly trained troops can compete with them on anything like equal terms in their own hills. They are believed to number nearly three millions, of whom at least half are males and of the latter, close on three quarter of a million are regarded as adults and fighting men. Their armament has vastly increased within the last few years, and as long ago as 1920 there were believed to be not less than 140,000 modern rifles in Tribal Territory. The Mahsuds alone can arm effectively about 12,000 men out of a total of 16,000, whilst the Wazirs can similarly arm 10,000 out of a total of 23,000 fighting men. The difficulty of the military problem presented by the Frontier can thus be appreciated. All these tribes have historical connections with Afghanistan and in some places are bound to the neighbouring tribes of Afghanistan by ties of blood. The importance, therefore, of our relations with Afghanistan to the state of the North-Western trans-frontier, is obvious.

It is possible to distinguish two different parts of the trans-border which present two somewhat dissimilar sets of conditions. One part is the territory which stretches from north of the Kabul River to Waziristan, whilst the second is Waziristan itself. The relations between the Indian Government and the tribes inhabiting the first of the above divisions have in recent years been satisfactory on the whole. North of the Kabul River are great chiefs like the Mehtar of Chitral, the Nawab of Dir, and the Mian Gul of Swat. These may fight among themselves, but they all desire friendly relations with India. Trade between this section of the trans-border and India is active and the Swat River canal finds employment for many hardy spirits who would otherwise make a living by committing crime inside British India. South of the lands of these great chiefs are the Mohmands, Afridis and Orakzais, all of whom have far too many corrections with India to fight save on any but the most serious grounds. Waziristan, however, presents a very different face. Its people are fanatical and intractable to a degree, and have come less under British influence than any other of the great trans-border tribes. We have conducted seventeen active operations against them since 1852, and four since 1911, the latest of which provided the most desperate and costly fighting in all the history of the North-West frontier. Also, as one goes from north to south of Tribal Territory, one finds that the constitution of tribal society grows steadily more democratic until it reaches the chaotic licence of Mahsud country where every man is a law to himself, and a well-aimed bullet is better than any consideration of right or justice.

A well-known Frontier Officer, Sir Armine Dew, read a paper in London in 1925 on North-Western Frontier policy. In his paper he pointed out that while the history of the Government of India's military policy on the Frontier had been adequately written, no history of their civil and political policy had ever been produced. This is not the place to write this history, but it is necessary to indicate one or two of its leading details in order to enable the present policy to be understood. During the years immediately after the second Sikh War, we followed what has been not inaptly described as a " tip-and-run " policy, *i.e.*, when any particular tribe became too aggressive or committed too many raids into British Territory, a military column went into its country, inflicted whatever punishment it could, and came out again. This gradually developed into the famous close-border policy, whose most notable exponent was John Lawrence. Briefly, the kernel of the close-border policy was non-aggression on tribal territory and non-intervention in tribal affairs. The border was closely guarded so as to reduce raids and consequent reprisals to the minimum. An opposite school of thought maintained that for the proper defence of British India the frontier ought to be carried to the very border of Afghanistan, *i.e.*, to the present Durand Line.

Arguments and counter-arguments were proceeding briskly between the members of the rival schools, when in the seventies of last century a frontier officer, Captain Sandeman, afterwards famous as Sir Robert Sandeman, the first British ruler of Baluchistan, struck out a frontier policy of his own—one, moreover, which has influenced all later study of this problem. Sandeman had for years been District Magistrate of the Dera Ghazi Khan district, which is on the Baluch frontier. Some of the Baluch tribes under his jurisdiction lived partly in the British district and partly across its border. The trans-border halves of these tribes were subject to attacks from other tribes, who lived entirely across the border and so were beyond our influence. The cis-border halves of the tribes had often to look on powerless to help whilst their kinsmen were being harried by other trans-border clans. Sandeman, therefore, decided to get into personal touch with the offending trans-border tribes and try to come to some settlement with them. Escorted by his own Baluch Chiefs he boldly crossed the border to confer with the Chiefs of the Marri and Bugti tribes, who were then regarded much as Mahsuds and Wazirs are regarded now. The success of his action and his subsequent pacification of all Baluchistan are now matters of history and since that time the dispute between the close-border and the forward policy schools has been replaced by the argument concerning the possibility of extending the Baluchistan system to the North-West Frontier.

In any case, the second Afghan War and subsequent events showed that the old close-border policy no longer answered to modern needs. The approach of Russia to the borders of Afghanistan raised the discussion of our frontier policy into a different sphere. It was seen to be no longer a thing for academic argument but a vital issue, and it was seen also that the old policy of complete indifference to the internal welfare and doings of our trans-border tribes must lead continually to dangerous and difficult situations. So, with the creation of the Khyber Agency, at the end of the seventies, began a new phase in frontier policy. The middle nineties saw a noteworthy attempt by Sandeman's chief disciple, Mr. Bruce, to apply the Sandeman system to Southern Waziristan. The experiment failed partly because the area chosen was the least promising along the whole frontier, and partly because, as the events of the Tirah Campaign in 1897 showed, it was no good attacking the frontier policy piece-meal; a solution was required for the whole border. The solution was provided by Lord Curzon in a policy which has been well described as a mixture of the Sandeman and the close-border systems. The tribesmen were paid to protect their own country and our border, and regular troops were withdrawn from advanced positions and replaced by tribal militias. But there was no occupation of tribal country, and no attempt at any administration, however loose, up to the Durand Line save in the Wana, Tochi, and Kurram Valleys, where a loose administration on lines suited to tribal conditions met with much success. Thus the North-West Frontier was not "Sandemanised" by Lord Curzon, whose policy was justified by its results until the unforeseen circumstances of the Great War and the Third Afghan War of 1919 put our frontier policy once more into the melting pot.

The wave of unrest, which the Afghan War sent throughout the whole trans-border, can only be mentioned here. Its greatest force was felt in Waziristan, where, after the end of the Afghan War, the most important operations in which the Indian Army has ever been engaged on the frontier, took place. These operations and their attendant circumstances showed that the time had come when a final solution of the frontier problem had to be sought. The solution was found and is now being put into operation—a solution worthy of the British genius. It is, briefly, to destroy the frontier problem by civilizing the people whose lack of civilisation has hitherto provided the hardest part of the problem. The present frontier policy is devoted to this great object and since 1921 it has been working on its task on its most difficult side, namely, Waziristan, whose people are the most savage and intractable along the whole frontier. In fact the history of Waziristan since 1921 is a record of an important movement in human progress which must inevitably result in the transformation of its tribes into a civilised people.

No better description of our present frontier policy can be given than that contained in the following extract from a speech made in the Legislative Assembly in March 1923 by the Foreign Secretary, Sir Denys Bray, whose speech on that occasion will always be a landmark in the history of Indian frontier policy. After describing the progress of our operations in Waziristan and the measures taken to enforce our will on the Mahsuds, he proceeded:—

> "But our policy is not merely designed to provide a preventive menace to the Mahsuds or to serve as an insurance against the abnormal frequency of expeditions or against their abnormal cost. It is essentially positive and constructive in character, in marked contrast to a negative system of rigid close-border defence. The central feature of it is the tribal levy or Khassadar, providing his own rifle and ammunition, and policing the country for us. This Khassadar system was of course the keystone of Sandeman's policy, perhaps his most potent agency in the grand work of civilisation he achieved. In essence, it is a means of giving the tribe a stake in our administration of law and order; of controlling the tribe as far as possible by self-government; of keeping alive that spirit of tribal responsibility which is the basis of our relations with all trans-frontier people. But tribal levies cannot be expected to function in the trans-frontier if they are left in the air, without some form of external force within reasonable range to keep them up to their work. The most economical form of outside force that we can devise is the irregular. But irregulars again, cannot be safely employed in the trans-frontier unless they are in effective range of military support in case of emergency. Hence the necessity for roads suitable for occasional mechanical transport use, linking up a minimum number of irregular posts in the trans-frontier with

military posts in the rear. These roads are thus an alternative to military occupation, and a very much cheaper alternative. But they are something much more. Like the Khassadar, they are civilisation carriers. And complementary to the arrangements in the trans-frontier itself, our policy includes a cis-border road about 100 miles in length, providing a much needed lateral communication, for the immediate defence of the sorely-harassed inhabitants of the Dera Ismail Khan district. The policy of Government in Waziristan is, therefore, the control of Waziristan—through a road system, of which about 140 miles lie in Waziristan itself and 100 miles along the border of the Derajat, and the maintenance of some 4,600 Khassadars and of some 5,000 irregulars. And this policy Government is resolved to carry through with vigour and determination in the interests of our fellow-subjects in the Zhob and the Derajat, and in the interests of the security of all India.

Now, in so far as a forward policy means a move forward to the Durand Line, the Government policy is not a forward policy at all, for our new post at Razmak, for instance, is farther from the Durand Line than our old established posts in the Tochi. In this sense of the term, indeed, our policy is in one signal respect a backward policy. For, whereas we have held Wana, close to the Afghan border, by regulars and irregulars since 1894, we shall now hold it by Khassadars only; and our irregulars on this side will be no further forward than Sarwekai, which we have occupied for years. None the less, the Government policy is a forward policy in a very real sense of the word. It is a policy of progress. It is a big step forward on the long and laborious road towards the pacification through civilisation of the most backward and inaccessible, and therefore the most truculent and aggressive, tribes on our border. Come what may, civilisation *must* be made to penetrate these inaccessible mountains, or we must admit that there is *no* solution to the Waziristan problem, and we must fold our hands while it grows inevitably worse. It is the inaccessibility of these mountains which breed more than they can feed, that lies at the root of the problem. For from this inaccessibility arise the economic stringency, the crass ignorance, and the wanton insolence and barbaric cruelty that spring from a sense of security. And these are diseases for which civilisation in some shape or form is the only cure. I may be thought a visionary to talk of the civilisation of the Mahsud. But you must take long views on the Frontier. Civilisation, after all, has succeeded often enough with material far more unpromising and intractable than the Mahsud, who, for all his barbarity and ignorance, is a man of magnificent virility and courage, and with no small share of natural wit and intelligence."

Such, then, is the policy and such the hopes entertained in regard to it; This policy, and a policy of unswerving friendship for Afghanistan and complete sympathy with her Ruler's ambition to raise his country to the highest level of civilisation, are the fixed stars which regulate our conduct on this part of India's frontier.

At the beginning of 1925, the conduct of certain sections of the Mahsud tribe compelled the Indian Government to undertake active operations against them. For some months before the beginning of these operations, the sections of the Mahsuds referred to had been seriously concerned in sniping parties of the Southern Waziristan Scouts, raiding for arms, and abducting Hindus from British territory. In December 1924, therefore, the Government of India were approached with a view to their sanctioning action from the air against these offenders. While this proposal was under consideration, the outrages complained of continued to increase, and although other sections of Mahsuds made friendly overtures, the conduct of the recalcitrants made any friendly agreement impossible. Before the operations from the air began in earnest, R. A. F. Units made demonstrations in force over the hostile areas at the beginning and the end of February, but these demonstrations were disregarded and consequently serious operations began on March the 9th, after ample warning had been given to the sections concerned in order to enable them to remove their women and children from the area to be bombed. During March the operations were interrupted several times by peace-feelers from the hostile sections, one or two of which complied with the terms of the Government of India. On April the 4th, night operations were carried out for the first time in India and on May the 1st, the original peace-terms laid down were obtained after 54 days' air operations. It is worthy of note that this was the first occasion on which the Royal Air Force in India engaged in totally independent air action.

Since May the 1st, 1925, Waziristan has been in the happy position of having no history. The Mahsuds have discovered that if the new military roads lead into their country, they also lead out of it, and many of them are taking the opportunity of seeing something of the neighbouring districts of Bannu and Dera Ismail Khan. Previously their visits to these parts had been mostly confined to flying raids by night, their return to their homes being usually accelerated by the necessity of avoiding the attentions of the Frontier Constabulary and the Waziristan Scouts and Khassadars. The building of the roads enabled many of the Mahsuds to acquire some money honestly, and now it is not an uncommon sight to see a Mahsud Malik, accompanied by as many of his friends as can find a place, either inside the car, or on any of its outlying portions, driving in a battered old Ford towards Tank or Dera Ismail Khan. Future historians of Waziristan may perhaps date the real beginning of its civilisation from the establishment of a depot for Ford spare parts in Kanigorum or Makin. A promising sign is that this peaceful intercourse with the outer world is obviously inducing in the Mahsuds a taste for the lighter amenities of social life. At the beginning of 1926 a number of Mahsud Maliks entertained Lieutenant Colonel Keen, the Chief Commissioner of the Province, at a very successful garden party in Tank.

Of high promise for the future civilisation of Waziristan, was the opening, during the year, of two primary schools at Karamma and Maidan. Another school was opened during 1925 at Jandola in the territory of the Bhitannis, who are the next-door neighbours of the Mahsuds, and if this proves a success, similar schools will be opened in connection with the Khassadar stations at Razmak, Sararogha and Sarwekai in Mahsud country. These are, perhaps, small beginnings but they are seeds which will grow to big things. The following incident shows how the British occupation of Waziristan has been already instrumental in bringing peace to a country where previously no peace was. In March 1925, an old boundary dispute broke out again between the Mahsuds and their neighbours, the Wazirs, over the possession of three small hamlets not far from Razmak Camp. Numerous meetings between the two parties to the dispute failed to settle it, and some bickering took place. All the elements of an inter-tribal quarrel were present, when our troops intervened and enabled the political authorities to persuade the tribesmen to disperse and leave the settlement of the dispute to their tribal representatives. Without this intervention, fighting would certainly have broken out and might have lasted for years. Our roads in Waziristan are becoming more popular every day and of great significance is the recent request of the Wana Wazirs that we shall re-occupy their country. Wana is an important strategic place in Southern Waziristan which we evacuated in 1919 after occupying it by militia for twenty-five years. The Wana Wazirs, envious of the economic and other benefits which our occupation of Central Waziristan is conferring on their fellow tribesmen, are now anxious to share in them.

Elsewhere on the frontier peace and steady progress marked the year. Great advance was made towards the restoration of normal conditions in Kohat after the fierce Hindu-Muslim riots of September, 1924. To assist those who had suffered in the riots, the Government sanctioned a loan of five lakhs of rupees in addition to a previous loan, also of five lakhs.

The Peshawar border remained quiet. In September, 1925, for the first time in history, a fully representative tribal council of the Upper Mohmands came into Peshawar voluntarily, saying that they had not come in for allowances or rewards, but merely to establish good relations with the Government of India. But the close of the year under review was marked by two grievous tragedies. On the 7th of February, 1926, Mr. Ekins, Assistant Superintendent of Police in the Mardan sub-division of the Peshawar district, was shot dead by a tribesman whom he was trying to arrest, close to the Swat border. Then on April 12th occurred an event which caused a profound sensation throughout the whole of India. This was the murder of the famous Commandant of the Frontier Constabulary, Mr. E. C. Handyside, by two outlaws whom he was trying to arrest in a village about 12 miles away from Peshawar. Mr. Handyside had for years been one of the outstanding figures on the North-West Frontier and had brought the Frontier Constabulary to a high pitch of efficiency and mobility. Some of his exploits were of epic quality and he himself had become a theme of border legend and song. Practically every newspaper in India paid tribute to his memory and even the wild tribesmen, against whom he had so often fought, shared the widespread grief at his death.

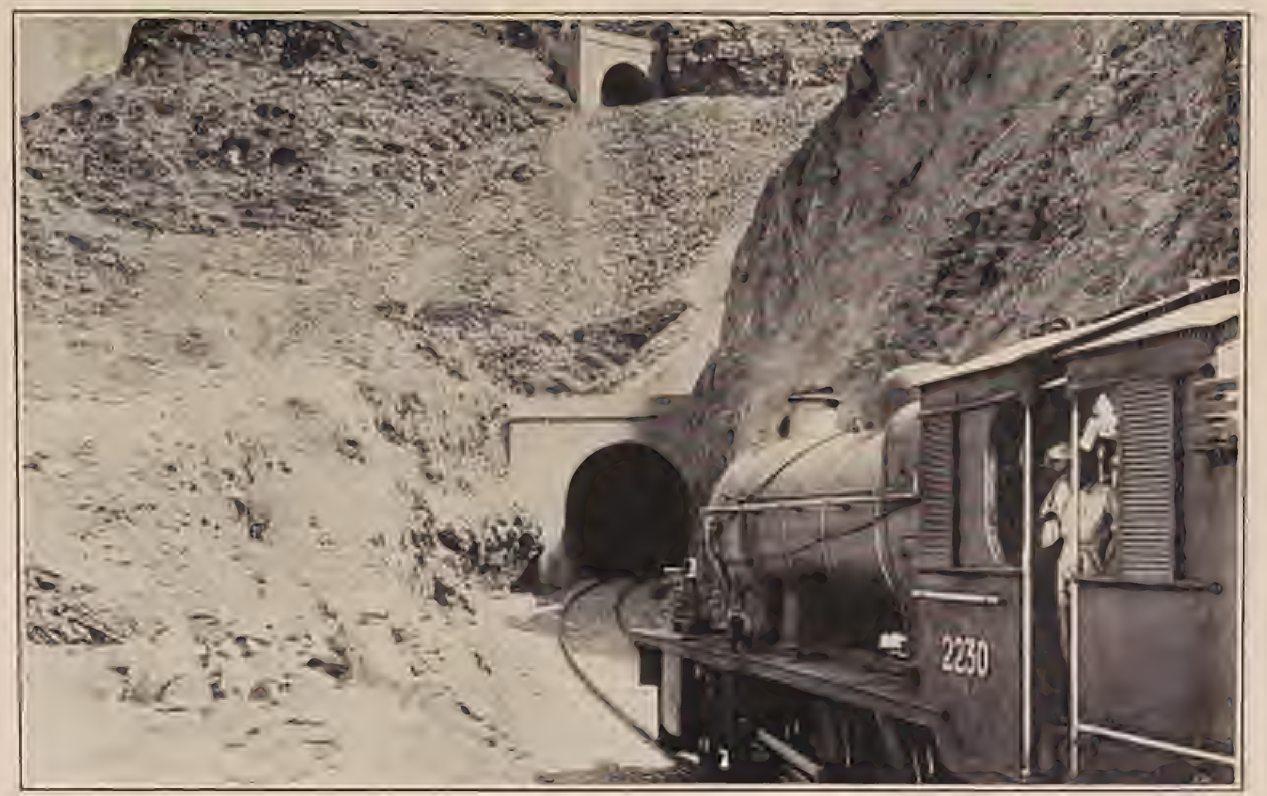
An event comparable in importance to the building of the roads in Waziristan, is the construction of the Khyber Railway, which was opened by Sir Charles Innes on behalf of His Excellency the Viceroy on the 2nd November 1925. The construction of the line was sanctioned in September 1920, and actual work on it began in the following November. The line, which starts from Jamrud at an elevation of 1,500 feet above sea level and rises to a height of 3,500 feet at Landi Kotal, is of standard (5 feet 6 inches) gauge. Along its length of 27 miles are 34 tunnels aggregating about 3 miles. The line lies entirely in tribal territory and from the outset the work of construction was in the hands of tribesmen themselves. This meant, of course a large influx of money into Afridi country, which balanced the losses due to the reduction in the numbers of Afridis enlisted in the Indian Regular Army and the Civil Forces. This, no doubt, has a good deal to do with the present quietness of the Afridis. The leading small kingships and khanates of the far north of the Frontier have maintained excellent relations with the Indian Government during the year.

Along the whole frontier, between April 1925, and the end of February 1926, only 29 raids were made into British districts—the figure being an indication of the vast improvement in the present state of affairs as compared with that of the period immediately following 1919, when within three years no fewer than 1,196 raids into British India were made.

The report of the debate on the resolution in the Delhi Session of 1926, which asked for the extension of the Reforms to the North-West Frontier Province, has already shown the stage which this important question has reached. From it the necessity for the Government to proceed cautiously in the matter can be clearly seen. During the year an additional Judicial Commissioner for the Province was sanctioned and appointed.

In Baluchistan, internal conditions remained satisfactory and the year was not marred by any specially important outrage. Agricultural conditions, however, were not very favourable and the state of semi-starvation in the Marri and Bugti tribes necessitated Government's making grants to these tribes for famine relief. On the 12th of April, 1925, a raid of considerable dimensions took place at Parom in Mekran. The raiders, who were Baluch tribesmen from the Persian side, were heavily routed, some 40 of them being killed and 5 captured. They, however, got away with 1,400 sheep.

An experimental Air-mail was run by the Royal Air Force during the month of September, 1925, between Quetta and Simla. The aeroplane left Quetta at 6 o'clock on the morning of the 16th



KAFIR TANGI TUNNEL.

September and flew direct to Dera Ismail Khan—a distance of 270 miles. The mail was handed over to a second machine which was in waiting and left immediately for Lahore, 200 miles away. A delay of three-quarters of an hour was occasioned at Lahore by a severe duststorm, which delayed the departure of the third machine. This latter flew direct to Simla, 175 miles away, *viâ* Ludhiana, and dropping the mail at about 3 o'clock in the afternoon, returned to Ambala. Mail normally takes from three to four days to reach Simla from Quetta.

In Afghanistan the year was chiefly remarkable as a period of recuperation after the Khost rebellion. The financial exhaustion of the country, consequent on the rebellion, which last year seriously affected all departments of the Government, has been greatly relieved. The reorganization of the army on a smaller establishment is in process of completion, and the state of the treasury once again allows of normal allotments for the public services. In the autumn of 1925, the King paid his first visit to Kandahar , and in the spring of the following year made a protracted stay in Jalalabad. To both places he was accompanied by a number of officials, and with their assistance he completed an exhaustive examination into the administration of the two Provinces. As a result of these visits and the measures then taken for further security, the Provinces of Kandahar and Jalalabad are now in a state of better efficiency and law and order than has been the case for several years. In April, 1926, a growing unrest in the Koh-i-Deman area was promptly and successfully dealt with by troops furnished from the Kabul garrison. Some trouble which arose between the Safis and Tajiks in the Kunar Valley, directed more against their own headmen than the Government, was ably dealt with by the King himself during his stay in Jalalabad.

There are several schemes under the consideration of the Afghan Government for improving communications in their country. Chief among these are telegraph lines from Kabul to Kandahar, and Kandahar to Herat; roads from Kabul to the Khyber Pass, Kandahar to Chaman, Kandahar to Herat, Kabul to Gardez, and Kabul to Patta Kesar on the Oxus, *viâ* the Salong Pass. Although existing roads are not well kept up, there has been a remarkable increase in the number of motor vehicles plying between India and Afghanistan during the past twelve months, and the Afghan Government are beginning to realise that there is great scope for improving trade, especially with India, by means of motor transport.

The construction of the new capital at Dar-ul-Aman, six miles outside Kabul, is progressing slowly; and many new buildings, both Government offices and private houses, have been erected in the summer capital at Paghman, which is pleasantly situated 18 miles west of Kabul at a height of 8,500 feet.

Proposals have been submitted for electric installations at Paghman, Kandahar, and Jalalabad. Kabul itself is well lit by electricity, which also provides the motive power for the workshops, the current being generated by an up-to-date hydro-electric plant situated at Jabal-us-Siraj, 50 miles north of Kabul.

The King is indefatigable in insisting on the necessity for the progress of his country on modern lines.

A regular passport system has been introduced between India and Afghanistan, and there is talk of the Afghan Government entering the International Post and Telegraph Union.

The first public trial of a European was conducted in Kabul in 1926, when Dr. Stratil-Sauer, a German professor, was charged with the murder of an Afghan. He pleaded self-defence, and was eventually sentenced to four years' imprisonment, which was remitted by the order of the King.

In December, 1925, the island of Urta Tagai, on the Oxus, in the possession of the Afghans, was seized by Soviet troops, and the Afghan commander was killed. After a period of acute tension, the Russians agreed to the restoration of the *status quo* pending the decision of a mixed commission. The latter's decision has now been announced and accepted by Afghanistan and Russia. The island has been restored unconditionally to Afghanistan.

The year under review witnessed the fall of the Kajar dynasty, which had held the throne of Persia continuously since the coronation in 1796 of the founder, Aga Mohammad Khan. On the 31st October, 1925, the National Assembly announced the abolition of the Kajar dynasty and entrusted the provisional Headship of the Realm to His Imperial Highness Reza Khan Pahlavi, Commander-in-Chief of the Persian Army, pending the convocation of a Constituent Assembly; and on the 13th of the following December the Constituent Assembly passed the necessary modifications of the

Fundamental Law whereby the constitutional monarchy was vested in Reza Khan with the title of " Reza Shah Pahlavi "—and his male descendants.

In the spring of 1925 discontent with the administration of the local Persian officials resulted in a rebellion in the Perso-Baluchistan Sarhad. The train service on the Nushki-Duzdap line was in consequence interrupted for a time but no actual damage was done to British lives or property. The Persian Government eventually succeeded in placating the insurgents, and in restoring tranquility, but until the Persian Government exert more control the danger of further outbreaks in this area must continue.

During the year under review Sultan Bin Saud of Nejd after prolonged operations, achieved his ambition to expel King Ali from the Hejaz. The Nejd forces entered Medina on the 5th and Jeddah on the 23rd December, 1925, respectively. At the latter place Bin Saud was, on the 8th January, 1926, elected King of the Hejaz by the notables of the country.

Owing to the hostilities in the Hejaz, a comparatively small number of Indian pilgrims proceeded on Haj, disembarking at the port of Rabegh. The arrangements made by Bin Saud were effective and the pilgrimage passed off without any noticeable incident.

In January 1925 the Governor of Burma visited the Hukawng Valley in the north east of Burma where slavery still exists in certain tracts not yet under full administration. As an alternative to taking the tracts under direct British administration with all the attendant expense and difficulty, the Governor discussed with the local Chiefs the question of emancipating the slaves by a system of redemption and was able to secure consent to certain proposals, namely:—

(1) A price to be fixed for each class of slave man, woman or child. On payment of this, the slave to be at once made free, to be allowed to cultivate, and to have the same position as other free men.

(2) The price to be recovered from the slave by easy annual instalments.

(3) Certain objectionable practices to cease at once, *viz.*, the selling of slaves, the giving them away as part of a mar-

riage dowry or in settlement of blood-feuds, etc., and the breaking up of the families of slaves.

In order to give effect to the proposals, a British officer made a tour in the valley about two months later and reported that its population numbered some 10,000 souls, of whom, roughly, one-third were slaves. After seeing 50 per cent. of these slaves, he recorded his belief that they led a fairly happy life on the whole and that ill-treatment by masters was not usual, but that the ignominy attached to being a slave was, of course, always present, and, having no rights, the slave was exposed to domestic and other injuries without any hope of redress. The proposal made by the officer was that the slaves should be ransomed by paying their masters on an average about Rs. 80 for each slave, according to age, and recovering the amount by easy instalments from half the total number of slaves, no recovery being made from the other half as an inducement to them to remain of their own free will in the valley. That they should so remain is desirable since, if they quitted it on a considerable scale, the inhabitants of the valley might be left without the necessaries of life and suffer dire distress. A free gift of the ransom would also be made to all slaves who are poor by reason of physical or mental infirmity and to all single women and orphan children.

The cost of ransoming half the slaves and foregoing all repayment was estimated at about Rs. 1,25,000. Both to those leaving the valley and those remaining in it advances would be made at nominal interest to enable them to work their land. It was at first proposed that the redemption of the slaves should be completed by 1st January 1928, but it was later decided by Government that every effort should be made to complete it by the end of April 1926. An important proposal which has also been sanctioned is that a British officer shall visit the valley every year and pay special attention to the liberated slaves and see that they are not made to suffer any hardships.

In March 1926 Mr. J. T. O. Barnard was sent on a mission to the Hukawng Valley and effected the liberation of all slaves in the area numbering some 3,400 in all on payment of compensation to their owners.

Relations with Nepal continued to be very friendly during the year. At the request of the Nepalese Government, a railway expert was recently deputed to Nepal to advise on the best method for improving the existing communications between that country and India. As a result of his report, the Nepalese Government have decided to construct a light railway from Bhichhakhori to Raxaul, and steps have been taken to make available the land required for a railway station at the latter place. The great success which has attended the recent efforts of the Nepalese Government to abolish slavery in Nepal, is worthy of mention here.

Such is the eminently satisfactory record of the relations between India and her neighbours during the year. The relations between the Indian Government and the Indian States are, of course, on an entirely different footing from the Government's relations with her neighbours to the North-West, North and North-East. Whilst guaranteeing the territorial integrity of the Indian States, the Government of India cannot altogether divest itself of responsibility for the welfare of their inhabitants. Cases of flagrant misrule or gross oppression in an Indian State invest the Indian Government with an indisputable right to intervene. Fortunately, cases of intervention by the Government of India are very rare and on no occasion has such action been taken except when to refrain from taking it would have been a betrayal of the high ideals in Government for which the Government of India stands.

During the year under review the latter had to take action in the interests of public welfare in a case which involved the Ruler of an important Indian State—the Maharaja of Indore. The murder of Mr. Bawla, a prominent Bombay citizen, on January the 12th, 1925, in Bombay by a band of men in the course of an attempt to abduct a dancing girl who was driving in Mr. Bawla's company, is fresh in the memory of those who take an interest in Indian affairs. After the most exhaustive enquiry and the fullest consideration possible, the Government of India issued the following communiqué, on the 1st of February 1926:—

> "His Excellency the Governor General has decided that a Commission of Enquiry should be appointed to investigate the alleged connection of His Highness the Maharaja Holkar of Indore with the attempted abduction of Mumtaz Begum, and the murder of the late Mr. Bawla in Bombay on January 12th, 1925.

The Commission, if appointed, will consist of two High Court Judges, two Ruling Princes and a senior officer of the Political Department.

The procedure which will be followed is that which was laid down as a result of the recommendations made in paragraph 309 of the Montagu-Chelmsford Report for cases where the question arises of depriving a Ruler temporarily or permanently of any of his powers or privileges. The function of the Committee is to investigate the facts of the case and to offer advice to the Government of India.

Whenever the Governor General decides that a case has arisen for the appointment of a Court of Enquiry, the Ruler concerned has the option of intimating that he does not desire that a Commission should be appointed. His Highness the Maharaja Holkar has been informed of the conclusion at which His Excellency the Governor General has arrived."

On the 27th February 1926, the Government of India issued the following communiqué:—

"In the communiqué issued by this Department on the 1st February 1926, it was stated that His Excellency the Governor General had decided that a Commission of Enquiry should be appointed to investigate the alleged connection of His Highness the Maharaja Holkar of Indore with the attempted abduction of Mumtaz Begum and the murder of the late Mr. Bawla in Bombay on the 12th January 1925. It was added that the Maharaja had the option of intimating that he did not desire the appointment of a Commission. The Maharaja was informed of this decision on the 27th January 1926, and the period of 15 days allowed for a reply was subsequently at the Maharaja's personal request extended up to the end of February.

Intimation has now been received from the Maharaja that he wishes to avail himself of the above-mentioned option and objects to the appointment of the Commission and

> that he has decided to abdicate in favour of his son. The abdication has been accepted by the Governor General in Council and no further enquiry into the Maharaja's alleged connection with the Bawla Murder case will now be made. A further communication on the subject will be issued in due course."

The Maharaja conveyed to the Government of India his decision to abdicate in the following letter addressed to the Agent to the Governor General in Central India:—

> "On behalf of His Excellency the Viceroy you offered me the option of either a Commission of Enquiry under the terms of the Government of India Resolution No. 426-R., dated the 29th October 1920, Foreign and Political Department or a Committee of Enquiry composed of two members, in regard to the Malabar Hill Tragedy.
>
> Rightly or wrongly, I have all along adhered to the belief that neither on the analogy of International Law nor as a matter resting upon treaty is a Prince of my position liable to be tried. I would refer you to paragraphs 29 to 31 of the letter of my Chief Minister to the Central India Agency, dated the 16th of December 1918 in connection with the recommendations made in Chapter X of the Montagu-Chelmsford Report. It is not my purpose to enter into argument on this point any further. But, holding strongly as I do the views set forth in the letter referred to as early as 8 years ago as to the status, rights and privileges of a Ruler of my position, I cannot persuade myself to act contrary to my convictions and to accept a Commission or Committee of Enquiry. Rather than sacrifice the principle for which I have stood throughout my career as a Ruler, it would be more dignified to sacrifice my own self by abdicating. I fully realize that the world, from the mere fact of my not facing an enquiry, may wrongly draw its own conclusions as to my guilt and may never realize that it was not the consciousness of guilt but adherence to principle which had determined my action. Hence I abdicate my Throne in favour of my son on the understanding that no

> further enquiry into my alleged connection with the Malabar Hill Tragedy will be made."

To this the Agent to the Governor General replied as follows:—

> " I beg to acknowledge Your Highness' letter dated the 26th of February 1926, in which Your Highness informs me of your objection to the appointment of a Commission of Enquiry in connection with the Bawla case. It is not for me in this letter to discuss the reasons which have led Your Highness to come to this decision.
>
> In the next place Your Highness expresses the intention of abdicating at once on the understanding that no further enquiry will be made into the alleged connection of Your Highness with the Bawla case. I am authorised on behalf of the Governor General in Council to accept this Your Highness' formal abdication and to give at the same time the undertaking for which Your Highness asks in regard to any further enquiries in the Bawla case. Your Highness' abdication in favour of your son must therefore be considered complete in every respect . . . ."

In the last days of the year under review, the Government of India published some correspondence which had passed between Lord Reading and His Exalted Highness the Nizam of Hyderabad on the question of the rendition to Hyderabad of the Province of Berar, which is now attached to the British Central Provinces. The question of Berar needs some historical prolegomena to make it comprehensible to the general reader. The British connection with Berar is bound up with the history of the Hyderabad Contingent. By a treaty of 1800 the Nizam was bound to provide a considerable force to co-operate with the East India Company's troops in the event of war, and the maintenance of order in the Hyderabad State depended very largely on his army. A reasonable degree of military efficiency was therefore necessary if the Nizam was to fulfil his obligations and if his power was to be saved from falling to pieces. It was the failure to attain this degree of efficiency which led to the formation of the Contingent. Until 1853 the Contingent was a part of the Nizam's army, although, for some time before that date, it had been controlled by the British authorities through the Resident in Hyderabad. For the Hyderabad army, like the armies of some other Indian Princes at that time, was not regularly paid, and the soldiers were exposed, in consequence, to great hardships. In 1842, on representations by the British Resident in Hyderabad, the Government of India allowed him to advance the pay of the Hyderabad troops from his own treasury in urgent cases. This permission was the beginning of a series of events which culminated sixty years later in the perpetual lease of Berar to the Indian Government. Advances of pay to the Hyderabad troops had to be made continually, and the debt of the Nizam to the Government of India grew large. By the early fifties it had become clear that this state of affairs must cease. Consequently, after long negotiations, a treaty was concluded in 1853, by which the Nizam assigned Berar and certain other districts to the exclusive management of the British Resident at Hyderabad for the purpose of paying the contingent and meeting various charges including the liquidation of the outstanding debt of about five millions of rupees.

In 1860 the treaty was revised. Some territory was given back to Hyderabad and it was made clear that the remainder of the assigned districts were to be held in trust for the payment of the Contingent and certain other charges which had been specified in the treaty of 1853. Lastly, in 1902 these districts were leased in perpetuity to the Indian Government for an annual rent of 25 lakhs of rupees. Clearly, the question of Berar is now governed by this agreement, and events which occurred prior to 1902 are of no more than historical interest.

The recently published correspondence between Lord Reading and His Exalted Highness the Nizam of Hyderabad on the subject of the restoration of Berar to the latter, takes the form of two very voluminous letters from the Nizam, dated October the 25th, 1923, and September the 20th, 1925, and two replies from Lord Reading dated the 11th of March 1925, and the 27th of March 1926. The Nizam's letters are largely occupied with historical arguments and carry us as far back as 1766. But, as we have seen, these have no practical bearing on the question at issue. The letters, however, raised two points of importance, which it is very necessary to examine. These are: first, the account contained in the memorandum attached to His Exalted Highness's letter of October the 25th, 1923, of the circumstances in which the agreement of 1902 was concluded between Lord Curzon and His Exalted Highness's father, and secondly, the claim made in the letter dated September the

20th, 1925, that in the internal affairs of Hyderabad the Ruler of the Hyderabad State stands on the same footing as the British Government in India in respect of the internal affairs of British India. Neither of these points will stand examination.

By 1902 it was found that the administration of the Hyderabad contingent and of Berar under the old arrangements was not economical and was in some respects lacking in efficiency. On the side of Hyderabad it was desirable to replace the fluctuating surpluses which the State received under the treaties of 1853 and 1860 by a regular and definite sum, since the State finances had suffered from the irregular nature of these fluctuating surpluses. Lord Curzon, accordingly, opened negotiations in January 1902, but he did not go to Hyderabad until March, when the Nizam—the father of His present Exalted Highness—had for two full months been in possession of the proposals which were to be discussed. His Exalted Highness in the present correspondence has tried to show that his father was overawed by the great genius of Lord Curzon and that he did not properly understand his position under the existing treaties. But his father's own note, which he had recorded after the interview, shows that he understood his position perfectly, whilst the following facts show that he confirmed the 1902 agreement in circumstances in which he was entirely free from any possibilities of being influenced by Lord Curzon. Lord Curzon did not press for an immediate answer. He, to quote from his minute of the interview " more than once asked His Highness to be sure that he was not yielding under any pressure that he might after regret . . . . ." and said that he " would sooner, even now, abandon the scheme altogether than that it should be thought or said that His Highness had entered into it either to please me . . . . . . or from any sense of constraint . . . ." In reply, Lord Curzon notes, " His Highness more than once assured me . . . . that he had considered every aspect of the case, and the decision . . . . .was based on his own free will and on the best interests of his State . . . ."

Even this acceptance was treated as purely informal and it was not till some weeks later that the Nizam was asked for a formal confirmation. He took more than two months to reply. The agreement was not officially confirmed by him till July. It was not until November 1902, nearly eight months after the interview, that the agreement was finally signed. The concluding paragraph of a letter from his minister dated July 4th, 1902, shows the spirit in which the Nizam accepted the proposals:—

> "In conclusion His Highness desires to tender to His Excellency the Viceroy . . . . his most cordial thanks for the great friendliness and courtesy that have been shown to him in bringing to an amicable settlement this most important matter."

All these facts speak for themselves and ought finally to dispel the myth that Lord Curzon forced the 1902 agreement on an unwilling Nizam.

There is no need to dwell at length on the second point arising from His Exalted Highness' letter, for Lord Reading has adequately disposed of it in the following words in his letter of March 27th, 1926:—

> "In the paragraphs which I have mentioned, you state and develop the position that in respect of the internal affairs of Hyderabad you, as Ruler of the Hyderabad State, stand on the same footing as the British Government in India in respect of the internal affairs of British India. Lest I should be thought to overstate your claims, I quote Your Exalted Highness's own words: "Save and except matters relating to foreign powers and policies, the Nizams of Hyderabad have been independent in the internal affairs of their State just as much as the British Government in British India. With the reservation mentioned by me, the two parties have on all occasions acted with complete freedom and independence in all inter-Governmental questions that naturally arise from time to time between neighbours. Now, the Berar question is not and cannot be covered by that reservation. No foreign power or policy is concerned or involved in its examination and thus the subject comes to be a controversy between two Governments that stand on the same plane without any limitations of subordination of one to the other."
>
> These words would seem to indicate a misconception of Your Exalted Highness's relations to the Paramount Power, which it is incumbent on me as His Imperial Majesty's Representative to remove, since my silence on such a

subject now might hereafter be interpreted as acquiescence in the propositions which you have enunciated.

The Sovereignty of the British Crown is supreme in India, and therefore no Ruler of an Indian State can justifiably claim to negotiate with the British Government on an equal footing. Its supremacy is not based only upon Treaties and Engagements but exists independently of them and, quite apart from its prerogative in matters relating to Foreign Powers and policies, it is the right and duty of the British Government, while scrupulously respecting all Treaties and Engagements with the Indian States, to preserve peace and good order throughout India. The consequences that follow are so well known and so clearly apply no less to Your Exalted Highness than to other Rulers that it seems hardly necessary to point them out, but, if illustrations are necessary, I would remind Your Exalted Highness that the Ruler of Hyderabad along with other Rulers received in 1862 a Sanad declaratory of the British Government's desire for the perpetuation of his House and Government subject to continued loyalty to the Crown, that no succession to the *masnad* of Hyderabad is valid unless it is recognised by His Majesty the King-Emperor, and that the British Government is the only arbiter in cases of disputed succession.

The right of the British Government to intervene in the internal affairs of Indian States is another instance of the consequences necessarily involved in the supremacy of the British Crown. The British Government have indeed shown again and again that they have no desire to exercise this right without grave reason. But the internal no less than the external security which the Ruling Princes enjoy is due ultimately to the protecting power of the British Government, and where Imperial interests are concerned or the general welfare of the people of a State is seriously and grievously affected by the action of its Government, it is with the Paramount Power that the ultimate responsibility of taking remedial action, if necessary, must lie. The varying degrees of internal sovereignty which the Rulers enjoy are all subject to the

> due exercise by the Paramount Power of this responsibility. Other illustrations could be added no less inconsistent than the foregoing with the suggestion that except in matters relating to Foreign Powers and policies the Government of Your Exalted Highness and the British Government stand on a plane of equality, but I do not think I need pursue the subject further. I will merely add that the title of Faithful Ally, which Your Exalted Highness enjoys, has not the effect of putting your Government in a category separate from that of other States under the Paramountcy of the British Crown."

The decision of the Government of India in this matter was almost universally approved by the Indian press and Indian public opinion and the people of Berar themselves have expressed in no uncertain fashion their desire to remain under British Rule. Over a century ago a great struggle for supremacy was going on in the Deccan, in which Mysore, the Mahrattas, Hyderabad and the British Government were all engaged at different times. Of these four powers Hyderabad was unquestionably the weakest, and that it survives to-day as the premier State in India is due solely to the continued support of the British power—a historical fact which admits of no denial. The British power and the Indian Army are still the guarantors of the territorial integrity and freedom from attack of the Indian States, and it is to them that the latter owe the peace in which they have lived for generations.

With the departure from India during the trooping season of 1925-26 of the third of the British Cavalry Regiments, whose reduction was recommended by the Inchcape Committee, and the recent disbandment in 1926 of certain Infantry Units, the Indian Army has now reached the lowest strength which is held to be compatible with the safety of India. Speaking in the Legislative Assembly on March the 4th, 1926, Field Marshal Sir William Birdwood, Commander-in-Chief in India, emphasised the fact that the military authorities kept constantly before them the desire to reduce military expenditure to its minimum, and its reduction from 87½ crores in the year 1920-21 to less than 55 crores in the year 1926-27 shows what success they have achieved in their efforts to economise, and allows some impression to be gained of the magnitude of the efforts made by them. Sir William announced that he had in view still further savings. "Honourable Members," he said, "possibly may not realise the fact that we have serving outside India 6 battalions which are being maintained at the expense of the Imperial Government. As each of these battalions returns to India without being replaced, we have to reduce a battalion from the Indian army. We are now making a commencement with this in that we have come to the conclusion that it is possible to reduce the battalion, a portion of which we have up to now had in the Persian Gulf. We find that we can efficiently provide these detachments at a much less cost by consular guards. On return of these detachments to the headquarters of the battalion, that battalion will be demobilised. On return of the next battalion, from Iraq without relief, another battalion will be demobilised, and concurrently with it, a training battalion, which means a definite saving in the Army Budget." He further made the following very interesting observations on military expenditure in India:—

> "There is only one more subject which I wish to mention before I sit down, and that is, I would like members who do not realise it, and others outside this House to know, especially those who cavil at what they regard as the excessive military Budget, the fact that the military estimates have to bear a considerable number of items which one cannot regard as items of true military value, or value for defence purposes. Some of these have only been transferred of late years to the military estimates to place them on a commercial basis; some of them represent items which in other countries are not included in their military expenditure, while some of them represent money which comes back to Government under other heads. I realise that expenditure on the items I have mentioned has to be incurred, but I would like to emphasize the fact that as far as purely defence purposes go these items might be removed from our estimates. The items I have in view are these:—

	Lakhs.
Transportation, Post and Telegraph charges, the greater majority of which are returned to Government through the Railways and the Posts and Telegraphs .	160

	Lakhs.
Audit and Accounts charges for the Army .	103
Special War Pensions, which at Home are borne by the Ministry of Pensions and not by the Army	110
Customs duty	25
Stationery	12½
Territorial Force	28
Education	9"

The last item in the above account relates chiefly to the Prince of Wales' College at Dehra Dun and the King George's Military Schools, which have been recently established at Jullunder and Jhelum in the Punjab. In the Dehra Dun College the normal course of education has been planned to occupy six years and to fit boys for military careers. For some years past, however, a section of Indian opinion has demanded the establishment in India of a military training institution comparable with Sandhurst. A resolution which was passed in the Delhi session of the Legislative Assembly in 1925 called upon the authorities to establish such an institution forthwith. The Government of India, accordingly, appointed a Committee consisting mainly of Indian Members, including Pandit Motilal Nehru and Mr. Jinnah, under the Presidency of Lieutenant-General Sir Andrew Skeen, Chief of the General Staff, to consider the problem of how suitable Indian candidates for the King's Commission can be obtained in larger numbers and of how, when they are forthcoming, they can be trained most efficiently. That is to say, the Committee was asked to consider whether it is desirable and practicable to start a Military College in India now or at some later date, and if so, whether such a college should be self-contained or should be supplemented by further training in England. The Committee held a number of sittings in India, and in the spring of 1926 a sub-committee of its members went to Europe to investigate the systems of education by which officers are at present produced in England, France, Canada and America. Its report is expected to be available during the winter of 1926.

The following interesting account of the King George's Schools was given by Field Marshal Sir William Birdwood in the course of his speech on March the 4th:—

> "Only recently I had the opportunity of inspecting these two schools recently established at Jhelum and Jullunder.

> The former is entirely for Mussalmans and the latter mostly for Sikhs, Dogras and Punjabi Hindus. We hope to have something like 300 boys at each of these schools. At present—they were only established last autumn—we have about 80 boys varying from 10 to 15 years of age. The orphans are admitted free; others we charge Rs. 7-8-0 a month, and we provide them with free uniform, free clothing and bedding and free food. In my round of the schools I was delighted with what I saw. I do not think you would wish to come across a more delightful, well set-up, happy lot of boys, sharp, intelligent children who would do credit to anybody and warm any soldier's heart or any father's heart to see. If Honourable Members will do us the honour of visiting those schools, I can assure them we shall welcome them gladly, and welcome any criticisms they may have to make in regard to them."

In last year's report an account was given of the Indian Territorial Force including a précis of the recommendations of the Auxiliary and Territorial Forces Committee of 1924. The Government of India found it necessary to consult local Governments on the subject of these recommendations. The local Governments took very great interest in these and went into them with great care, making valuable criticisms and furnishing valuable material. Their replies have been considered by the Government of India whose recommendations on the committee's report, have been sent to the Secretary of State. Whilst on the subject of the Territorial Force it is interesting to notice that certain of its units have already had a foretaste of active service. These were doing their annual training near Rawalpindi when the Hassan-Abdal dacoity which has been already mentioned, took place, and a number of territorial soldiers were at once rushed to the scene of the dacoity to take part in the pursuit of the trans-border gang.

The process of Indianizing the Indian Army, which was described in last year's report, has been carried still further during the year under review. Some time ago, the Government of India decided to reserve 20 appointments in the Cantonments Department, *i.e.*, approximately 50 per cent. of the appointments of Executive Officers, for officers holding Viceroy's Commissions in the regular Indian Army or in the Indian Territorial Force. The remaining appointments in the Cantonments Department are open to British and Indian Officers holding the King's Commission and it is hoped that it will not be very long before the first King's Commissioned Indian Officer joins the Department. Again, it has now been decided to admit Indian gentlemen to the Army in India Reserve of Officers. The terms and conditions of service for the Reserve which were laid down immediately after the war have hitherto not proved sufficiently attractive, but a new set of terms and conditions applicable to both British and Indian candidates have recently been appeared which will, it is hoped, have the desired result. Proposals, again, have been worked out for the employment of Indians as King's Commissioned Officers in the Indian Army Veterinary Corps and approved by the Secretary of State. At present there is no institution in India, private or otherwise, which teaches up to the standard of veterinary science required, but the Government of India have framed proposals for overcoming this difficulty and there is no reason to suppose that these will not be successful.

Reference must be made here to the Indian Ordnance Factories in which very valuable national and educational work is being carried on. The Civil Mechanical Engineering appointments in the Ordnance Factories are, of course, open to Indians, but hitherto a great difficulty has been experienced in getting suitable candidates for these appointments. A number of Indian boys go to England and acquire the necessary academic qualifications, but afterwards they find it impossible to get the necessary workshop experience in Industrial firms, either in England or in India. In order to get over these difficulties the Government of India recently sanctioned an experiment which has great possibilities. They created an appointment of Probationary Assistant Works Manager at one of the Indian Ordnance Factories, to which they appointed an Indian gentleman. It is greatly to be hoped that this experiment will lead to much greater developments in the future.

The proposals for the new Indian Navy have already been described. In his speech in the Legislative Assembly on the 4th March 1926 Field Marshal Sir William Birdwood warned the members that the implementing of these proposals would necessarily occupy much time and require much determination from the people of India. He pointed out that on the Western and Eastern coasts of India there existed admirable material for the new Navy in the large number of seafaring men, who, both in the Indian marine and in the mercantile service, have proved themselves to be staunch, brave and skilful sailors. That there will be no lack of eagerness among these men for service in the Indian Navy was shown by the scenes of enthusiasm which marked the visit of His Excellency Rear Admiral W. M. Ellerton, C.B., R.N., Commander-in-Chief, His Majesty's Ships and Vessels, East Indies Station to Jaigad on the Bombay coast where the seafaring Mohammedan population has supplied ratings for the Royal Indian Marine for many generations. Over 80 Naval and Indian Marine Pensioners with the headmen of the local villages and some 200 R.I.M. ratings with their families were received by the Naval Commander-in-Chief on board his flagship and presented an address to which the Commander-in-Chief replied as follows:—

> "It is particularly interesting to me to visit Jaigad and to meet so many pensioners of the Royal Indian Marine. The Royal Indian Marine has recruited its personnel from this district from time immemorial and has been well and truly served. I understand from the Director of the Royal Indian Marine that the conduct of the Indian crews of the Royal Indian Marine ships has always been uniformly good, and that the men recruited from your district have served most loyally and faithfully for many generations. This is a record of which to be proud, and gives me confidence that you and your sons will not fail in the future to uphold the standard which will be required of you when the Royal Indian Navy is established.
>
> The Royal Indian Navy will have the great privilege of flying the White Ensign. You and your sons in future will be admitted to the great brotherhood of those who are so proud to serve under that glorious old Flag. It is a privilege of which we are very jealous and very proud. See to it that you uphold the great traditions attached to it. Your records of loyal service for so many years in the Royal Indian Marine encourages us to welcome you as worthy additions to the service of which we are so proud. We are all glad to admit you, and extend to you a cordial hand of welcome."

In the evening the Commander-in-Chief with the Director of the Royal Indian Marine and a large number of Royal Navy and Royal Indian Marine officers landed at Jaigad when they were received by the Collector of the Ratnagiri district who entertained the party together with the pensioners, headmen, and families of Royal Indian Marine ratings, at a tea party held within the ancient Mahratta Fort which was suitably decorated for the occasion.

CHAPTER VII.

The State and the People.

In Chapter V we considered some of the activities of the Local Governments which bear directly on the welfare of their people. The list of such activities contained therein is, however, not complete. Provincial Governments in India are also concerned with the improvement and development of industries and with agriculture, irrigation and forests, all of which have very obvious and direct bearings on the welfare of their people. It is proposed to consider the three latter of these activities in this chapter, which deals primarily with the Government of India in certain of its relations with its people, because they are all technical departments of Government activity, and their development, therefore, depends more on technical considerations than on the idiosyncrasies of provincial circumstances. They are all subjects, moreover, with which the Central Government is directly concerned to a greater or lesser degree. Certain other departments of the Government of India's activities, which are directed towards the welfare and uplift of the people of India, will also be discussed here. Such are its emigration, opium, excise, medical and sanitary policies, and its work in improving the conditions of Indian labour.

The many problems raised by the emigration of Indians overseas are all overshadowed at the moment by the supreme problem of Indians in South Africa which has already been discussed in detail. Generally speaking, elsewhere very little of outstanding importance or interest has occurred during the year under review. It is particularly satisfactory to report that in Australia all resident British Indians have been granted the Commonwealth Franchise by the passing of the Commonwealth Electoral Act No. 20 of 1925. Thus, despite the delicate situation which still exists in regard to the position of Indians in South Africa, it may be said that with the latter's agreement to a conference between her representatives and representatives of the Indian Government, and the passing of the Australian Electoral Act, the year has seen a promising development in the relations between India and the Self-Governing dominions.

Earlier numbers of this report have described fully the main features of Indian emigration, and there is no need to continue to reproduce the description contained in them. There are at present about 1½ million Indians settled in the Empire outside India and it is well known that Indian emigration has been broadly of two kinds. The first was that of unskilled labourers either under indenture as in the case of Fiji, Mauritius, Natal and the West-Indies; or under some special system of recruitment, such as was adopted in Ceylon and Malaya. The second is the spontaneous emigration of persons belonging to the professional, commercial and artisan classes. The second has naturally followed the first, but it has also extended to places where there has never been any indenture emigration. This is true of the Self-Governing Dominions with the exception of South Africa and also of certain Crown Colonies, particularly of the East African Territories. In the West-Indies and British Guiana, Indian settlers have exactly the same status as any other British citizens. In Ceylon and Mauritius also, under their present constitutions, there is no adverse discrimination against Indians on the ground of race. Therefore, as far as Crown Colonies and Mandated Territories are concerned, the places where the interests of Indian emigrants and those of other settlers or of the indigenous population have principally come into conflict, are Fiji and the East African Territories. In Fiji, long standing grievances of the Indian population are expressed in their demands for greater representation on the Legislative Council, for a municipal franchise based upon a common electoral roll, and for a minimum wage fixed in proportion to the cost of living. More recently they have found a fresh grievance in the imposition of a poll-tax on all males excepting Fijians. This poll-tax is a heavy burden on the numerous and, for the most part, economically hard pressed Indian population, which has made numerous protests against it. According to the information available, registrations for the payment of this tax have proceeded smoothly, and the Government of Fiji have recently exempted from the tax persons having five dependent children under the age of eighteen. The whole question of this poll-tax as well as the other privileges claimed by the Indian Community formed the subject of representations by the Colonies Committee of the Government of India in July 1925, and the matter is still under discussion. The troubles which arose in 1923 between the Indian population of Tanganyika and the Administration of that territory were discussed in last year's report. In 1923, an Ordinance for the taxation of profits and licences of trades, etc., was promulgated, and it was provided that for certain purposes the license-holders should keep sufficient books of accounts in specified language. The object was to ensure sufficient accounting. A very large number of the Indian traders in the Territory come from the Bombay Presidency and keep their accounts in Gujrati, which, however, was not included among the scheduled languages and the Indian community are still pressing for the inclusion of Gujrati in the list of languages in which accounts may be kept. A resolution recommending that India's representatives at the next Assembly of the League of Nations should be instructed to ventilate this grievance was carried in the 1925 winter session of the Legislative Assembly. In the debate on this resolution, the Government of India indicated that they were not disposed to consider the advisability of raising this question with the League of Nations, so long as the method of patient negotiation with the Colonial Office held out any prospect of a satisfactory settlement. This matter also formed the subject of special representation by the Colonies Committee and they have now learnt that the Colonial Office has approved the proposal of the Governor of Tanganyika Territory to appoint a Committee to investigate the question of trade licenses and the possibility of raising by alternative taxation the revenue at present accruing from the Profits Tax. The European and Indian Trading communities will both be represented on the Committee. Meanwhile, the provision regarding books of accounts has not taken effect.

It will be remembered that about five years ago the relations between the Indian and European settlers in Kenya became unpleasantly strained owing to the prohibition of the transfer to Indians of agricultural lands in the highlands of that colony, to the inadequate representation of the Indian community on the Legislative Council and their consequent political helplessness, despite their very large stake in the economic life of Kenya, and to the threat to their interests through proposals for restricting Indian immigration. The effect of this state of affairs on educated opinion in India was, of course, profound, and feeling among the white settlers of Kenya Colony rose quite as high as it did in India. Deputations from them, from the Kenya Indians, and from the Indian Legislature waited upon the Colonial Office, and towards the end of July 1923, His Majesty's Government laid down their general policy on the questions at issue. They observed that the interests of the African population must be paramount; that the existing system of government was best calculated to achieve this aim; and that the immediate grant of responsible government. which had been urged by the white settlers, was out of the question. But contrary to the opinion expressed by Indian sentiment, a decision was arrived at in favour of communal representation. This system, under which the Indian community was to have five elected representatives in the Legislative Council, was regarded as the best in the circumstances, because it was compatible with African representation in due course and with Arab representation immediately. It would further permit of a wide franchise for Indians. In deference to Indian opinion, the policy of segregation as between Europeans and Asiatics in townships was abandoned. On the other hand, the reservation of the Highlands for Europeans was to be maintained. On the vital question of immigration, it was laid down that legislation discriminating against Indian entry into Kenya could not be countenanced; but this statement of principle was qualified by the suggestion that some further control to protect the economic interests of the Africans was required. These decisions were resented in India, and Lord Reading gave emphatic expression to his Government's disappointment with them and stated specifically that it reserved the right to make further representations when a legitimate opportunity offered. At the Imperial Conference which met in London in 1922, Sir Tej Bahadur Sapru recommended the appointment by the Government of India of a committee to discuss the Kenya decision, along with certain other matters relating to Indian disabilities in some of the Colonies, with the Colonial Office. The Secretary of State for the Colonies agreed to receive representations regarding Indians in Kenya from such a committee and to discuss the other matters with it. In pursuance of this agreement a Committee was formed in April 1924 and assembled in London. Between that date and the end of July it had several important interviews with the Secretary of State for the Colonies and officials of the Colonial Office, in which it represented the grievances of Indians in Kenya and other colonies. Regarding Kenya, the Committee's representations covered all questions of interest to India dealt with in the decision of His Majesty's Government, and the result of these representations was announced by Mr. Thomas in the House of Commons on August the 7th, 1924. On the question of the franchise and of the highlands, no change was announced, but it was decided that an ordinance designed for the purposes of restricting immigration should not be enacted though he reserved to himself the right to enact the Ordinance at any time should native interests appear to be threatened by the influx of immigrants from abroad. Mr. Thomas announced that His Majesty's Government proposed to set apart an area in the lowlands of Kenya for agricultural emigrants from India, but that before the scheme took final shape on officer with experience of the needs of the Indian settlers should be sent to report on the areas to be offered for colonisation. The question of deputing such an officer has since been considered by the Government of India, who have thought it inadvisable to proceed any further with the idea. The work of the Colonies Committee did much to abate the bitterness which existed in the relations between the different classes of settlers in Kenya, and the situation was further improved by the decision of the Indian community to relinquish their attitude of non-co-operation and to select five members for nomination by the Governor to the Legislative Council. The situation in Kenya is, therefore, for the present, quiescent.

In June 1924, His Majesty's Government announced the appointment of an East African Committee, under the Chairmanship of Lord Southborough, to consider and report on certain questions regarding the administration and economic development of British East African dependencies. Since this enquiry was likely to affect Indian interests, the Government of India urged that the Indian point of view should be heard before the Committee came to any conclusions. This request was granted, but further action in the matter was suspended, pending the publication of the report of the Commission presided over by Major Ormsby-Gore, which visited East Africa to enquire into certain aspects of the questions referred to the Southborough Committee. The report of the Ormsby-Gore Commission was published in the United Kingdom on May 7th, 1925. On June 9th, Major Ormsby-Gore announced in the House of Commons that, in view of the completeness of the report presented by the Commission which, under his Chairmanship, had visited East Africa, His Majesty's Government had decided that the Southborough Committee should not resume its sittings. In face of this development the idea of making representations to the Southborough Committee is no longer feasible but the Government of India are watching events and, if occasion arises, will take such action as may be necessary to safeguard Indian interests in that region.

The whole emigration policy of the Indian Government was altered during 1922 by the Legislature and embodied in a new Emigration Act, which proclaimed assisted emigration of unskilled labour to be unlawful except for such countries and on such terms and conditions as may be specified by the Governor General in Council. Any notification made by the Governor General in Council under the Act, must be laid in draft before, and approved by, both Chambers of the Legislature. A Standing Emigration Committee composed of 12 members of the Legislature has been appointed to advise the Government of India on all major emigration questions. Thus the Indian Legislature can now effectively control the organised emigration of unskilled labourers, whose conditions have markedly improved since the passing of the Act. Both in Ceylon and Malaya the question of fixing a basic minimum wage has been investigated. In response to representations made by the Government of India, the Government of Ceylon appointed a Committee, in which the Agent of the Government of India and four representatives of the planting community were included, to enquire into and advise regarding the fixation of Standard Minimum Wages for Indian estate labourers in Ceylon. The recommendations of the Committee have been communicated to the Government of India and are at present the subject of discussion between them and the Colonial Government. The question of the payment of standard wages, subject to a minimum, to Indian labourers in Malaya has also been taken up with the Malayan Governments, on the basis of a report on this subject which has been received by the Government of India from their Agent in Malaya.

At the beginning of 1924, a deputation from British Guiana arrived in India to discuss with the authorities the conditions under which the resumption of emigration could be sanctioned. It met the Standing Emigration Committee of the Legislature and explained the scheme which the Government of British Guiana were putting forward. The Committee was inclined to view the scheme with favour, but, before making definite recommendations, suggested that the Government of India should depute an officer to report on certain specific points. In September 1925 Kunwar Maharaj Singh, M.A., C.I.E., Bar.-at-Law, was deputed to British Guiana to make investigations under the following terms of reference:—

(*A*) The progress made in providing suitable land for prospective settlers and existing immigrants, the steps taken to supply them with materials and skilled assistance to put up residential accommodation, and with loans for agricultural development, and the measures instituted for improving the sanitary conditions in respect especially of drainage and water supply.

(*B*) The steps, if any, taken by the Government of British Guiana to provide facilities for the repatriation of resident Indians who are willing to return to India.

(*C*) What improvements, if any, have taken place in the political and economic status of the resident Indian community since the earlier Indian deputation visited the colony in 1922?

(*D*) What are the sentiments of Hindu residents in the matter of cremation of their dead and whether he had any recommendations to make?

Kunwar Maharaj Singh's report has since been received and published. He reported that land was available for settlement, but that most of it would need to be cleared or irrigated or drained before settlers could be placed upon it. The Government of British Guiana informed him that nothing had yet been decided in regard to advances to be made to settlers to assist them in the early stages or in regard to the channels through which such advances should be made. The Committee appointed in September 1924 to report what preliminary action was necessary in connection with the colonisation scheme construed the colonisation proposals to mean that new settlers would not be entitled to land from Government until they had worked for three years as agriculturists, and that there was, therefore, ample time to prepare details. Kunwar Maharaj Singh denied the correctness of this view of the proposals but reported that the most important point was secured, namely, that the advances would be given and that funds were in existence for the purpose. He found that sanitary conditions, especially conditions of drainage and water-supply, had improved vastly since the last Indian deputation visited British Guiana. In regard to repatriation of Indians, he accepted the present arrangements as reasonable. These provide for the repatriation of men who are destitute though not permanently incapable of labour. He further reported that Indians in British Guiana had on the whole prospered. His actual words are worth quoting:—

> "In great part it is the humblest classes that go to British Guiana. For instance, of the immigrants arriving there from 1908 to 1913, Chamars formed by far the largest caste. Ahirs, Koris and Kurmis were next in numbers. To those who are familiar with rural life in the congested districts of the United Provinces, and the difficulties in the material and social progress of the lower classes, the change is striking. Educational and medical facilities in British Guiana are superior to those in rural India. There are no caste restrictions or purdah, and the Colonial Indian, man and woman, has a somewhat higher standard of living and is certainly more independent than his confrère in India. There are no political or economic inequalities such as exist, for instance, in South Africa, no segregation, and no restrictions against the acquisition of land........... When one sees many Indian landowners, substantial cultivators, shopkeepers, and Government servants, it is impossible not to feel that the community has progressed. As in Mauritius and Trinidad, the main credit for this progress is due to the eminently laudable qualities of industry and thrift which seem innate in the Indian, and enable him, wherever he goes, successfully to face hardship and competition. The Government and people of the Colony in which this progress has been made, are also entitled to their fair share of credit........... Now that the system of indenture has happily been brought to an end, and sanitary measures introduced, I am confident that, in the absence of any severe agricultural calamities, the future progress of Indians will be even more marked."

Regarding the cremation of their dead, he reported that the ideas of the Hindus resident in British Guiana had been profoundly changed by their absence from India and that no complaint had been made to him on the subject of the lack of facilities for burning their dead. He suggested, however, that arrangements for cremation should be made for new immigrants from India in or near the Settlements on which they reside. A notification authorising renewal of emigration to British Guiana on terms and conditions which were approved by the Standing Emigration Committee was submitted to the two houses of the Legislature on March 23rd and also approved by them. The Government of British Guiana have accepted those terms and, subject to the approval of the Combined Court, have also agreed to give effect to certain minor reforms which Kunwar Maharaj Singh had recommended. The whole matter has thus been satisfactorily settled and it is to be hoped that India's sons may find a lucrative outlet for their energies in British Guiana.

The question of emigration to Mauritius has received much attention from the Government during the past few years. In April 1924, the Government of Mauritius requested that emigration to the Colony might be continued for a further period of one year. The Government of India, however, in consultation with the Standing Committee on Emigration, decided that consideration of the request should await the result of a local investigation. The Government of Mauritius agreed to receive an officer for this purpose and to give him all facilities. Accordingly, in December 1924, Kunwar Maharaj Singh went to Mauritius to conduct the necessary enquiries. His report has now been received and published. He recommends that no unskilled labour be sent from India to Mauritius, either in the immediate or in the near future. If the despatch of such labour to Mauritius should be seriously contemplated in the future, then the Government of India should first assure themselves that Indian interests really required the resumption of emigration and that Indian opinion in Mauritius favoured it. His report contained also a number of recommendations for improving the conditions of Indians now in Mauritius. These recommendations included better housing accommodations for labourers on estates, the employment of more Indian medical men in estates' hospitals, the prohibition of child-labour in factories, the introduction of a Workmen's Compensation Act and the like. These have been commended to the consideration of the Colonial Government, but the Government of India have not yet been informed of the action taken upon them.

The extract quoted above from Kunwar Maharaj Singh's report on emigration to British Guiana mentions the presence there of such classes as Chamars, who belong to what are called the "depressed" classes in India. Emigration is, no doubt, one means of uplift for these people, but obviously it can only touch the fringe of the problem for there are said to be no fewer than 60 millions of them. At the beginning of December 1925, a member of the depressed classes introduced a Bill into the Madras Legislative Council which proposed that no class of the community should be debarred from walking through a public road or street or from having access to a public office or well. Of late years, liberal Hindu opinion has been much exercised over the problem presented by these people and many organizations have come into existence with the object of improving their conditions of life and generally raising their status. The Arya Samajist sect of Hindus has done much good work in this field, but, the rigid rules of caste necessarily debar them from complete social and religious equality with their more fortunate fellows of the higher castes. The Hindu Mahasabha, as can be seen from records of its recent meetings, is giving much anxious attention to the question of the depressed classes but its resolutions on this subject cannot be said to have had any considerable practical results hitherto. Whilst a general discussion of the caste system would lead us too far afield, it may be said that there are no very convincing reasons for believing that it is breaking down, despite the great changes in Indian material and social conditions during the past two or three generations. Speaking in the United Provinces Legislative Council on Thursday December the 17th, 1925, Mr. Burn, the Finance Member of the Governor's Council, declared that caste prejudices were as strong as ever in many villages in the United Provinces. He had noted pitchers placed at a good distance from the public wells by men and women of the lower castes, in the hope that they would be filled out of charity by those who are entitled to draw water from the wells. Again, the Census Commissioner for Bihar and Orissa remarked in the last Census Report that there were no signs of the caste system breaking down in that province or ceasing to exercise its dominant influence. Some time ago the Madras Government issued a very striking report in which it was stated that the depressed classes in that Presidency numbered nearly 6½ million souls and many of these were so tied down by debt to their masters as to be practically in the position of serfs, whilst in some districts they could not even enter a shop or pass through many of the streets of the towns and villages where they lived. The last Census Report of Bihar and Orissa showed that the same classes formed nearly a third of the whole population of that province whilst all the other major provinces count large numbers among their people. It must, however, be clearly understood that the attitude adopted by the higher castes in Madras towards the depressed classes represents the extreme point of intolerance reached in India. Elsewhere, the disabilities imposed are far less severe. Obviously, the problem of untouchability is of more than merely social importance. That it is impossible to have a nation half slave and half free is a truth not confined to any one country and, therefore, this problem has very important political implications. The Government, of course, can do very little beyond guaranteeing to members of the depressed classes the legal rights to which every one of its subjects is entitled. We have already seen that attention is being paid to the education of these classes who, further, are beginning to claim certain elementary social rights. Among the conferences held during last Christmas Week, was a Conference of "Untouchables". One of the resolutions which they passed congratulated the Government of the United Provinces on their decision to nominate to Municipal Committees and District Boards members belonging to the depressed classes, whilst other resolutions appealed to Hindus to encourage them by taking them into their private service and by electing them to Municipal Committees and District Boards of their own accord. That the progress of education among these people will gradually raise their status and improve their conditions of life is not open to doubt, but it is no less certain that without the goodwill of caste Hindus the process of their uplift will be long and painful.

From the question of the "Untouchables" to that of the labouring classes in general in India is an easy transition. Much has been written and spoken in recent years on the subject of the poverty of the Indian masses. In our examination of the advance of the co-operative movement we saw something of the progress of one very promising line of attack on the poverty of the rural classes, and we know also that the forthcoming Agricultural Commission has been formed with the idea of getting deep into the fundamentals of the problem of increasing rural welfare in India. Here, however, we are chiefly concerned with the industrial population of the towns. It should be noted at the outset that, with the exception of the Anglo-Indian community, and the educated Indian middle classes whose case has already been discussed, there is, broadly speaking, no unemployment problem in India. A large part of the industrial population of India is floating and indeterminate. Great numbers of the workers in the Bombay cotton mills, for example, are not town-bred. They come in from their villages to work in the mills and when they are tired of working in Bombay or, as we have already seen, in case of a strike, they return to their villages where they can, at any rate, get a living of a sort. Even to members of the educated middle classes, unemployment is not normally the ruinous disaster which it is to their confrères in Western countries, for the joint family system, which is one of the outstanding features of Indian social life, guarantees them the means of existence if nothing more. It is a very sorry substitute for employment, but even this resource is denied to Anglo-Indians.

For Anglo-Indians the contraction of one of their great—possibly their greatest—sphere of employment in the Indian Railways, and in Government Service generally, has been already noted in the discussion of European education in this country. At the present moment there is much distress among them on account of unemployment and no feature of their circumstances causes more anxiety to the leaders of the community than this. In most of the great cities of India, numbers of respectable Anglo-Indians are suffering distress which is rendered all the more acute when they consider the undeniably unpromising outlook for their children's future. There is, of course, no *a priori* solution of such a problem, but the better education of Anglo-Indian children and the training of them for professions will do something to solve the problem of unemployment and to raise their status generally.

The question whether the economic condition of the Indian masses is improving or not has been debated *ad nauseam*. As far as external signs go, the Indian peasants and the Indian industrial workers of to-day enjoy many conveniences and luxuries which were beyond the reach of their fathers, but the materials for a scientific study of wages, family budgets, income—save the income of a few classes of the population—and the like, are not available. In January 1925, an Economic Enquiry Committee was appointed under the Presidency of Sir M. Visvesvaraya with the following terms of reference:—

> "To examine the material at present available for framing an estimate of the economic condition of the various classes of the people of British India; to report on its adequacy; and to make recommendations as to the best manner in which it may be supplemented, and as to the lines on which a general economic survey should be carried out, with an estimate of the expenditure involved in giving effect to such recommendations."

The Committee submitted its report in August, 1925. The report shows clearly the paucity of the materials at present available in India for estimating average income, crop production, cost of living, wages, and other cognate subjects. No estimate could be formed of the national wealth of India because such necessary materials for the estimate as statistics of taxation and capital, estate duty statistics, and the like, are wanting. Any estimate of individual wealth, therefore, appears to be quite impossible under the present conditions. On this subject, a member of the Committee wrote as follows:—

> "Approximately seventy-five per cent. of the population of the country are agriculturists and their individuals wealth includes land, cattle, agricultural implements, household goods, jewellery and coin. Trade statistics show a continual absorption of the precious metals by India, but the proportion hoarded is difficult to state.
>
> Witnesses frequently expressed the opinion that enquiries regarding the personal wealth of the people would be greatly resented, probably viewed with suspicion, and lead to no fruitful results. Any attempt to ascertain the wealth of individuals and families may prejudice the results of the enquiry as a whole. Some witnesses take the view that, in certain parts of the country, the investigators would meet with a very hostile reception. Moreover, it would be extremely difficult to estimate the value of jewellery, even if families were prepared to disclose their holdings. Many a person would refuse to reveal his buried wealth for fear of dacoity, apart from the likelihood of taxation. In the present stage of

> India's social progress it would appear advisable to abandon the idea of carrying out enquiries into individual wealth."

No attempt, therefore, at a detailed and satisfactory description of the economic state of the Indian masses can be made. It is to be hoped that intensive enquiries like those conducted by the Labour Bureau of the Bombay Government, by the Punjab Board of Economic Enquiry, and similar bodies in India, will be extended and their results made readily available, for it is easy enough for rival apologists, who maintain on the one hand that poverty in India is increasing, and on the other hand that it is decreasing, to build up their arguments by picking and choosing what suits them from the present very incomplete material available. The records of recent periods of scarcity and famine, at any rate, seem to show that the economic position of the people is steadily improving, as was pointed out in this report last year. During 1921, when a wide area was affected by a menacing failure of crops, the proportion of the total population in receipt of relief was well under 3 per cent. throughout the whole area. Few things were more striking during this period of distress than the fact that even the depressed classes of the population, who had been accustomed in times of shortage to subsist upon seeds and roots, were able to purchase corn when the price was four seers to the rupee.

That the general conditions under which industrial workers pursue their callings, have improved of late years is not open to doubt. In this connection the following quotation from Lord Reading's speech at the annual meeting of the Associated Chambers of Commerce of India and Ceylon at Calcutta on the 14th of December 1925, deserves attention.

> "The last 5 years," he said, "have seen remarkable progress in labour legislation. Indeed, more has been accomplished in that period than in the whole preceding generation. There has been a radical revision of the Factories Act, introducing a 60 hours' week, the exclusion of children between the ages of 9 and 12, the abolition of night work for women, and other reforms. The new Mines Act enforces somewhat similar reforms, a curtailment of hours, a weekly rest day and the

> stoppage of child work. Antiquated legislation dealing with breaches of workmen's contracts has been repealed. The Workman's Compensation Act has introduced for the first time a comprehensive system for alleviating hardship caused by industrial accidents. A Bill to encourage and protect healthy Trades Union organisation is before the Assembly. The question of providing means of conciliation in trade disputes has been thoroughly explored, but it would be premature to legislate on this question until the Trades Union Bill has become law. In the measures we have adopted, the employers have been fully taken into our confidence in the preliminary stages; and their readiness to co-operate, even where their immediate interests were to some degree prejudiced, is most laudable. Some may think that the pace of reform in labour legislation has been unduly rapid, but our action has followed that adopted by most civilised countries and is in accordance with principles which will scarcely be disputed. The measures placed on the Statute book have been, in my view, well considered. They were designed to meet genuine needs and to remedy admitted defects. I am convinced that public opinion generally will regard them, as experience in working the rules is gained, as not only necessary when judged by ethical standards and directly beneficial to the workers concerned, but as actually advantageous also to industry generally."

The most striking feature about the payment of wages in India is the absence of uniformity. It might reasonably be expected that, in a particular industry or in a particular district, wages would be paid on a uniform system, but this is not the case. In scarcely any industry is a single period adopted. Different systems may even be found in establishments belonging to the same industry and the same district and within the same establishment. Enquiries made during 1924 show that in only 46 per cent. of the factories of the United Provinces from which enquiries were made, was the period of payment the same for all employees. The most general system is that of payment on a monthly basis. The system of monthly payment, which is practically universal in its application to supervisory and clerical staffs, is generally adopted for the payment of labour involving any large degree of skill. The most important exceptions to this rule are furnished by the jute mills of Calcutta and the cotton mills of Ahmedabad. Unskilled labour is frequently paid at shorter periods, and the less regular the employment, the shorter is the period as a rule. But a considerable amount of unskilled or casual labour is paid through contractors or other intermediaries, when payment tends to be irregular. Payment on a period longer than a month is practically unknown. In a few cases of payment on piece rates, more especially where contract labour is concerned, the settlement of wages may be delayed till the job is finished: but in such cases intermediate payments are generally made.

Where wages are paid monthly, the worker has to maintain himself for a comparatively long period before he can expect to receive his first wages, and the system thus tends to increase indebtedness. But in a number of cases, relief is given in the form of advances. Occasionally the advances are on account of work which has not been done and are essentially loans; more usually, they are limited to amounts calculated with reference to the value of the work already done, and would be more correctly described as interim payments. In some cases, the advances are given in the form of rations, which may be charged against the wages when paid; a favourable rate is usually allowed. Workers who are paid on periods of a fortnight or less stand in less need of such advances, and as statistics show, the advance system is particularly associated with monthly payments.

In the course of the discussion on the Weekly Payments Bill, which was introduced by a private member in the Legislative Assembly and subsequently withdrawn on the 4th February 1926, the Hon'ble Sir Bhupendra Nath Mitra, Member in charge of Industries and Labour, stated that the question of the payment of wages was receiving the separate consideration of the Government of India and that if, as a result of enquiries that were being made, it was found that legislation was required on this particular question, Government would not hesitate to undertake such legislation.

1922 the whole law relating to factories was revised and the new Factories Act provided, amongst a number of other reforms, for the introduction of a 60 hours' week, the raising of the minimum age of children from 9 to 12, a large extension of the definition of "Factory" and a complete prohibition of night work for women. Further slight amendments in the Act were made in 1923. Among the many beneficial results of this Act may be mentioned a decrease since 1921 by nearly 25 per cent. in the number of children employed in cotton spinning and weaving mills.

The report on the working of the Factories Act during 1924 was issued in May 1926. The Report showed that the factory population had risen from 14,09,173 in 1923 to 14,55,592 by the end of 1924. The increase was most marked in Burma, Madras and the Central Provinces. In Bombay, in spite of the increase in the number of factories, there was a decrease due to trade depression, in the number of operatives whilst in Bihar and Orissa there was an increase in the factory population, although the number of factories was smaller than in the previous year. The number of women employed was a little in excess of the number employed during 1923. The increase is probably due to some extent to the restrictions placed on child labour, but women have been employed on a larger scale in the jute mills and tea factories. The year saw the final exclusion of children under 12 years from work in the factories. Provincial Reports show that the arrangements made for the certification of children have improved considerably, and that employment of children without a certificate of age is becoming rare except in out-of-the-way places. The double employment of children under two certificates has been vigorously checked, and the Amending Act passed in March 1926 contains a provision designed to assist those who are endeavouring to stamp out this abuse.

The percentage of factories maintaining a week of 48 hours for men is 29; in 12 per cent. more the men employed worked for 54 hours or less; the number working more than 54 hours is 59 per cent. For women, the corresponding percentages are 34, 12 and 54. These figures show a slight improvement over last year, but on the other hand the percentage of factories employing children which limit their work to 30 hours or less in the week, is only 34 as against 43 per cent. in the preceding year. The number of factories in which the operatives are exempted from various provisions relating to hours is still high, but a large number of these factories work only for a short season, and in a number of other cases the exemption is given for only part of the year. Wages remained steady throughout the year and there appears to have been no marked increase or decrease in the cost of living. The strikes in Bengal and Bombay for higher wages failed to achieve their object.

The most unsatisfactory feature of the year was the number of accidents which occurred. The total number of accidents reported was 10,029 and these involved 284 fatalities. Both figures far exceed any figures previously reported, and while the introduction of the Workmen's Compensation Act (which came into force in the middle of the year under review) and more efficient inspection have probably contributed to secure the better reporting of minor accidents, the recorded increase in serious accidents must be regarded as corresponding with the facts. The number of fatal and serious casualties shows a large increase, and the detailed investigations into cases, many of which are given in the Provincial Reports suggest that the cause lies partly in the fact that the education of the operative has not kept pace with the increase in the complexity of the plant and processes consequent on growing industrialisation. At the same time steady progress is being made in the fencing of machinery and employers are reported to be generally willing to comply with orders for the efficient guarding of their machinery. Their interest in the question has in some cases been stimulated by the coming into force of the Workmen's Compensation Act. A large number of accidents are due to the cleaning of machines in motion, and the Amending Act passed in March 1926 enables local Governments to prevent this practice, where they are satisfied that it is attended with danger to the operative.

Questions affecting the welfare of workers continued to receive attention. The larger employers are recognizing to an increasing degree the importance of providing suitable quarters for their labourers, but their efforts are hampered in some cases, notably in the jute industry in Calcutta, by difficulties of acquiring land. House-building activities in Bombay have been checked by the general depression, but quarters are being erected even at the sacrifice of valuable land, on the single-storey system rather than on the less satisfactory *chawl system*. Several of the provincial reports indicate progress in respect of ventilation. The proposals of the Government of India for the control of artificial humidification in factories have received the consideration of local Governments and, while further enquiries may be necessary in several provinces before satisfactory regulations can be devised, there is general recognition of the fact that humidification by live steam at high temperatures is attended with extreme discomfort to the operatives, besides being in most cases ineffective for the purposes of the industry. It should be possible, by rules under the Factories Act, to secure the discontinuance of the practice, where it exists, within a reasonably short space of time. It is satisfactory to note that mill managers in Bombay are now beginning to recognize the use and value of the Kata thermometer as a " comfort " meter, and that in some cases the equipment of mills with satisfactory types of ventilating and humidifying plants have added considerably to the comfort of the operatives in the hot weather.

The number of persons convicted during the year for contravention of the Factory Act was 222. This represents a large increase over the normal figures in recent years, and may be taken as a satisfactory indication of increasing strictness in the enforcement of the provisions of the Act. There are still complaints from several provinces of the inadequacy of the fines imposed in some cases, and the High Court at Rangoon found it necessary to issue a circular, drawing the attention of magistrates to the question. The Hon'ble Judges observed that " magistrates.........in assessing the penalty should reflect that a light fine gives an unfair advantage to the unscrupulous (who may be saving hundreds of rupees by breaking the Act) as against their more honourable competitors whose costs of production are inevitably raised by their strict adherence to the terms of the Factory Act."

The Indian Workmen's Compensation Act came into force only on the 1st of July 1924. The Provincial Reports for the half year show that the Act has worked smoothly, but it is clear that workmen throughout the country are not yet generally aware of the benefits to which it entitles them.

In addition to the amendment of the Factories Act, the Mines Act has also come in for a drastic revision. The chief reforms introduced into the new Mines Act of 1923, were the prohibition of the employment of children under 13 years, and the prevention of their presence below ground; the restriction of the hours of labour to 60 hours a week above ground and 54 hours below ground; and the prescription of a weekly day of rest. Increased penalties have also been provided for disobedience of orders resulting in death or serious injury to workmen. At the same time, by an enlargement of the definition of " Mine ", the scope of the Act has been greatly extended. The Act also makes it possible for Government to prohibit employment of women below ground. An exhaustive enquiry made by the Government of India, the results of which were published in December, 1925, into the possibility of prohibiting female labour in mines, showed a wide variety of opinion on the subject on the part of local Governments. The Governments of Assam and Madras saw no objection to prohibiting the labour of women under ground at once. The Punjab Government gave a similar reply, but excepted work in salt mines from the prohibition, since conditions in salt mines there are not unhealthy or attended by any more danger of life than similar work above-ground would be. The Government of Bombay suggested the prohibition of female labour in mines after a period of five years.

The Governments of those provinces which are chiefly concerned in the coal industry, *i.e.*, Bengal, Bihar and Orissa and the Central Provinces considered it premature to fix a definite date from which female labour should be excluded. The Government of Bengal accepted in principle the general proposition that female labour should be abolished in the coal mines and the Government of Bihar and Orissa recognized that the reform must come in time and it was well that that industry should realise this and be warned to prepare itself for it. But in the view of these Governments, it is inadvisable on account of the practical difficulties involved for the Government of India to commit themselves to the exclusion of female labour by a definite date. The working unit in the mines in these Provinces, as also in the salt mines in the Punjab, is the family, and it is held by some who are familiar with the subject that the prohibition of female labour would involve a diminution in the male labour supply.

The first International Labour Conference, held at Washington in 1919, adopted a Draft Convention concerning the employment of women before and after child-birth. The Conference did not contemplate the ratification of the Convention by India, but adopted a resolution inviting the Government of India "to make a study of the question of the employment of women before and after confinement, and of maternity benefits, before the next Conference, and to report on these matters to the next Conference."

In connection with the preparation of this report, which was presented to the International Labour Conference which met at Geneva in 1921, inquiries were made regarding the extent to which maternity benefit schemes had been instituted by employers in India. From the information furnished by Provincial Governments, it appeared that such schemes were comparatively rare. The local Governments at the same time expressed their willingness to encourage the institution of further voluntary schemes.

Following suggestions put forward in the Legislative Assembly, the Government of India in June 1924 made further enquiries regarding the extent to which maternity benefit schemes were in force in India. The inquiries were addressed to the local Governments of all the major provinces and to the Chief Commissioner of Ajmer-Merwara. The result of the inquiries indicates that schemes of the kind under discussion are considerably more numerous than is generally realized.

In the three big organized industries of Bengal—jute, tea and coal—there are several examples of definite schemes of maternity benefit. In the Assam Tea Gardens important concessions are granted to female employees, these including the grant of leave before child-birth and employment on light work at full rates of pay during pregnancy.

The Assam Railways and Trading Company, which is the next largest employer of labour in Assam, grants six months' leave on half pay provided the women have been examined by the medical officer and attend hospital once a week. Milk and feeding bottles, when required, are also supplied free of cost.

In the Mines of Bihar and Orissa there are various maternity benefits of a casual kind, and in one instance there is a regular contributory benefit fund, which is applicable not only to maternity cases but provides also for sickness and death. The factories of Bombay, the Central Provinces, and Madras, have a large number of maternity benefit schemes, including, in Bombay, Maternity Homes. The action of the Government of India in this matter has led to immense improvement and with the increasing interest now being taken by employers of labour all over the country, steady progress in the future should be recorded.

It is clear from the above discussion that although labour conditions in India are still far from perfect, much has been done of late years, and much is being done now to improve it. On the improvement of labour conditions largely depends, of course, the moral and social uplift of the working classes. One of the greatest menaces to the welfare of the latter in Western countries, drink, is not a very formidable obstacle to social reform in India. In Chapter II an extract was quoted from a speech of Sir Basil Blackett, in which he outlined briefly the policy of the Government of India in regard to drink. The drink problem, as visualised by Western reformers, is almost unknown in India, save in those few places where heavy concentrations of industrial labour occur. This fact is explained by the general reprobation in which indulgence in strong drink—as distinguished from indulgence in drugs—is held among the Indian people. The *per capita* figure of consumption for drugs as well as for liquor is very low. The excise revenue per head, including what the State derives from both sources, varied in 1924-25 from 3 annas 8 pies in the North-West Frontier Province to Rs. 2-5-1 in Bombay. Between these two extremes came 4 annas 6 pies in the United Provinces, 7 annas 4 pies in Bengal, 9 annas 1 pie in the Punjab, 14 annas 2 pies in Assam, Re. 1-0-6 in the Central Provinces, Re. 1-2-5 in Madras, and Re. 1-4-10 in Sind. During this period there was an appreciable decline in this excise revenue in Madras, Bihar and Orissa, Burma, and Bombay. In the majority of cases, the local Governments are now taking drastic steps to reduce licit consumption, and, since excise is a transferred subject, the opinion of the local Councils has been brought to bear upon the whole subject. The policy formerly pursued by the Government of India has been summed up as that of maximum revenue from minimum consumption. Every care is taken to minimise temptation for those who do not drink and to discourage excess among those who do. Government intervention operated to regulate both the quality and the quantity of the liquor consumed, the former by the prescription of a certain standard of strength, the latter by the levy of still-head fees which the consumer automatically paid. But with the transfer of excise to ministerial control, considerable departures from this policy have been made. In several instances, local Governments have now definitely accepted complete prohibition as their goal. The process is necessarily slow and difficult, since sources of illicit supply are far more accessible in India than in any European country. It is possible that the policy now pursued by some local Governments of raising the retail price to a high figure, may defeat the ends in view by increasing the production and consumption of inferior illicit spirit. The Excise Administration Reports together with the resolutions thereon from several of the major provinces of India indicate that illicit traffic in liquor is increasing and it is impossible to see how, pending a great change in public opinion, this traffic can be minimised, save by very heavy expenditure on increasing police and excise staffs.

A good deal of misconception exists outside India regarding the use of opium in this country. As the earlier discussion of the Government of India's opium policy showed, that policy is mainly concerned with the export of Indian opium to places abroad. The control of the internal opium traffic in India is almost entirely in the hands of the Provincial Governments. But as the Rev. W. Paton, one of the leading critics of the Government of India's opium policy—and one of the fairest—admits on page 13 of his latest Pamphlet, 'India and Opium—The Present Situation', "For the larger part of the country the opium evil does not exist." Opium smoking is known in Bombay and a few other very large cities, but nowhere, save in Burma and Assam, does it attain any appreciable dimensions. On the other hand, the eating of opium is fairly common and it is freely used by the people for medicinal purposes. A paragraph in Sir Michæl O'Dwyer's book "India as I knew it" contains some interesting remarks on the opium eating habit.

> "The Opium Commission, of which Lord Brassey was President, was in 1893 sitting at Lahore, and Lord Brassey and his son (the late T. A. Brassey), with whom I had been at Balliol, were staying at Government House. I drove down with them one afternoon to a sitting of the Commission. On the way we ran into a pedestrian who was a bit shaken. Lord Brassey was much concerned and asked what remedy could be applied. A burly

> Punjabi policeman who had come to our aid gave his opinion very decidedly in broad patois. Lord Brassey asked me to translate. The advice was, "give him a pill or two of opium; it never harmed man or beast."
>
> "On the same occasion, to my great confusion, my faithful body-servant, who had been too hospitably entertained by his friends at Lahore, showed himself the worse for liquor and was rather noisy in the verandah of the "Lat Sahib" (Lieutenant-Governor). I told my Sikh orderly to get him out of the way till he was sober. This he did but he whispered confidentially, "This disgrace would have been avoided if the fool would only take opium instead of strong drink." I have always regarded opium-eating, and still more opium-smoking, as much more harmful than drink. But I must acknowledge that in some of the appalling epidemics (one was in 1894) I found that the Sikh peasantry, who habitually take a small dose of opium in the malarial season, were generally immune, and brisk and active, while their Hindu and Mohammedan neighbours, who eschewed opium, were prostrate almost to a man. I related my experience to Lord Brassey, but do not know if he attached any weight to it in his report."

As in the case of drink, the general policy of the Government is to control the trade in such a way as to ensure its most effective regulation, and to prevent it from passing into the hands of the types of persons with whom it would readily, if uncontrolled, became associated. For over a century the authorities have been engaged in the gradual establishment of control over the production, transit and sale of the drug throughout the country. This has been done by concentrating cultivation, so far as British India is concerned, within limited areas; by the discontinuance of cultivation in many Indian States as the outcome of bargaining; and by perfecting the system of licensing and control of shops. The success of this policy is proved by the results. In 1893, when the Royal Commission on Opium conducted its enquiries, the average consumption per head, per annum, in this country, was 27 grains, while in recent years it has been about 18 grains. The figure for 1924-25 was 17·2 grains. Even in 1893 there was very little abuse of opium eating. The Royal Commission found "no evidence of any extensive moral or physical degradation from its use." The reduced figures of consumption in recent years suggest that there must now be very little abuse indeed in connection with opium. Enhanced prices and restricted supply, together with a welcome, though slow, trend of public opinion, are resulting in a decreasing use of opium for ceremonial hospitality or for personal indulgence, and are thus tending to restrict the consumption of the drug to purposes either medicinal or *quasi*-medicinal. The figures of every province will show to what extent the policy of Government has been justified. Between 1910-11 and 1924-25 the consumption has fallen in Madras from 1,178 maunds to 875 maunds; in Bombay from 1,436 maunds to 808 maunds; in Bengal from 1,626 maunds to 1,003 maunds; in Burma from 1,306 maunds to 738 maunds; in Bihar and Orissa from 882 maunds to 638 maunds; in the United Provinces from 1,545 maunds to 582 maunds; in the Punjab from 1,584 maunds to 842 maunds; in the Central Provinces from 1,307 maunds to 796 maunds; in Assam from 1,511 maunds to 928 maunds, and in the North-West Frontier Province from 69 maunds to 60 maunds. Only in Ajmer-Marwara is there an increase from 69 maunds to 78 maunds. In 1910-11 the consumption for the whole of India was 12,530 maunds; in 1924-25 it was 7,389 maunds. At the same time the revenue derived from opium in the various provinces of India, owing to the enhanced price at which the drug is sold, has risen from Rs. 1·63 crores in 1910-11 to Rs. 2·67 crores in 1924-25. In deference, however, to the opinion expressed in certain quarters, the Government of India have asked the local Governments to consider three aspects of the opium question:—the high consumption in certain areas; the practice of administering opium to infants; and the desirability of closer co-ordination of policy between local Governments in regard to fixing the sale price of opium. After considering the replies of the local Governments the Government of India recognise that circumstances make it difficult, if not impossible, to secure complete uniformity in the sale price of opium throughout India decided to convene an inter-provincial conference of ministers charged with the administration of excise, at which certain outstanding problems relating to the co-ordination of excise policy in India will be discussed. This conference will offer a convenient opportunity for the examination of questions relating to opium policy. The Government of India are also considering measures to check the smuggling of opium from Indian States and to ensure a greater measure of co-operation between the Indian States and British India in the matter of opium policy. They are also addressing Provincial Governments again in regard to those areas where the consumption of opium is excessive, so as to impress them with the importance of unremitting endeavour to cleanse these " black spots " upon the map of India. The Government of India held that on the whole there is no evidence of the existence of any serious and widespread abuse of opium in British India and consequently that there is no need for the appointment of a Royal Commission to examine the subject. The *per capita* consumption of 1924-25 namely 17·2 grains, is still somewhat high, according to the standard laid down by the League: but it must be remembered that in India, opium is frequently given to cattle—exceptionally numerous in India per centum of population,—a practice for which deduction must be made from the figure of *per capita* consumption by human beings. It will be plain from the foregoing facts that the statement occasionally made by ignorant critics that Government is forcing opium down the throats of a reluctant people has not even the merit of plausibility. In every Province, Indians are now fully empowered, if they so desire, to restrict the use of opium; for its consumption is now controlled by Indian Ministers. There is, it is true, a certain amount of smuggling from the Indian States into British India; but the Indian States are steadily coming into line, and many of them have given effect, by means of legislation, to the provisions of the International Opium Convention. It must be clearly realised that, apart from such arrangements as may be entered into with the Indian States under Treaty Obligations, the Government of India has no means of enforcing upon them any policy for suppressing or restricting opium cultivation. Still, as we have seen, such problem as exists in India regarding the consumption of opium appear to be solving itself, but the increasing use of cocaine in big cities is causing the authorities some anxiety, and strenuous attempts are being made to grapple with it.

This discussion of the subject of opium may be closed by the following quotation from Lord Reading's speech at the opening of the Council of State on Tuesday the 9th of February 1926, which shows the latest stage so far reached in the Government of India's policy towards opium exports:—

> "My Government have recently had under their consideration the adoption of a new policy regarding opium which is in accordance with the trend of opinion in a number of other countries and also with views that have been freely expressed in some quarters on different occasions in India. We have very carefully examined the new obligations undertaken by us under Article 1 of the Protocol to the Convention of the Second Opium Conference at Geneva, 'to take such measures as may be required to prevent completely within five years from the present date the smuggling of opium from constituting a serious obstacle to the effective suppression of the use of prepared opium.' As a result we have come to the conclusion that in order at once to fulfil our international obligations in the largest measure and to obviate the complications that may arise from the delicate and invidious task of attempting to sit in judgment on the internal policy of other Governments, it is desirable that we should declare publicly our intention to reduce progressively the exports of opium from India so as to extinguish them altogether within a definite period, except as regards exports of opium for strictly medical purposes. The period to be fixed has not yet been finally determined, as before arriving at a decision it is necessary to consult the Government of the United Provinces regarding the effects that the resulting reduction in the area cultivated with opium will have on the cultivators in that Province. We further propose to discontinue altogether the system of auction sales of opium in India as soon as the agreement for direct sale now being negotiated with the Government of French Indo-China is concluded. My Government hope at an early date to move a Resolution in both Chambers of the Legislature in order to give the Members of the Legislature an opportunity of expressing their views on these important proposals."

Medical relief, as we have seen, is a Provincial subject, and the activities of the Central Government are therefore confined chiefly to problems of research.

Medical Research has a very direct bearing on the progress of sanitation in all countries and specially in India. It is very satisfactory to note that the retrenchments of three years ago in this particular sphere are now being removed, and that during the financial year 1925-26 three lakhs were granted by the Government of India to the Indian Research Fund Association for the promotion of medical research.

The second All-India Medical Research Workers' Conference was held in the Calcutta School of Tropical Medicine and Hygiene in October 1924 and the deliberations of 32 delegates from all provinces assisted the Governing Body materially in framing and sanctioning a programme of research commensurate with the income of the Association. In addition to arranging for the continuation of existing enquiries, such as that of the Kala-Azar Commission, other pressing enquiries were inaugurated for plague, malaria, cholera, the dysenteries, nutritional, helminthic, febrile and other diseases which play such an important role in the economic life of the population. Proposals were made to create an effective permanent central malarial organization which would in turn influence and work in collaboration with provincial organization of a similar kind. A series of valuable resolutions emanated from the Conference.

In December 1925 the third All-India Conference was held on lines similar to the above, and proposals were adopted for the extension of all necessary research on the lines which were thought to be most urgent and advantageous. Opportunity was given for enlisting the co-operation of medical practitioners in India and of medical officers in the Military laboratories in certain researches, and steps were taken to promote co-ordination of research work throughout India. Thirty-eight delegates attended during the three days, considered the work accomplished in 42 different enquiries, and discussed proposals which had been submitted for the continuation or beginning of 39 enquiries. A real quickening of interest in research work has been the result and it is hoped that with the restoration of the former grant of five lakhs a research programme commensurate with the needs of India will soon be in existence.

Our international responsibilities in matters of public health steadily increase. The establishment of the Eastern Bureau of the League of Nations Health Sections at Singapore was accomplished during the year and the weekly Bulletin broadcasted from Saigon has been picked up by our wireless with great regularity since May 1925. The net result is that all our major ports are in possession of the infectious disease state of some 87 ports of the Far East exactly one week after the date to which the information refers. The management of the Bureau has been entrusted by the League to an Advisory Council on which India is represented. India has been represented at the bi-annual Sessions of the Office International d'Hygiene Publique, but has, so far, no representation on the Health Committee of the League of Nations at Geneva.

The School of Tropical Medicine and Hygiene in Calcutta has continued its research work and has established more firmly than ever its claim to being considered one of the greatest schools of instruction in tropical diseases in the Far East.

But the Indian Government's most noteworthy action in medicine of late years is perhaps the constitution of an Indian Council of the British Empire Leprosy Relief Association, in the formation of which Lord Reading personally took the initiative and the leading part. He proposed the formation of the Council in order to inaugurate and carry on in India an earnest campaign against the disease, and directed that the fullest possible information regarding its incidence in India should be collected. The Government of India accordingly addressed local Governments and administrations regarding the collection and transmission of such particulars to the Director General of the Indian Medical Service. Lord Reading also issued an appeal to the public for funds, which met with an encouraging response. Speaking at the inaugural meeting of the Indian Council of the British Empire Leprosy Relief Association at Delhi on January the 27th, 1925, His Excellency explained the fundamental objects of his appeal:—

> "Let me define with greater precision," he said, "the character of the fund to which I am now asking you to contribute. This is no mean task that we have undertaken. The menace to the well-being of the people and the

> burden which leprosy lays upon them are both greater than is commonly realised. It has been estimated, for instance, that the census returns reveal less than one-quarter of the total number of lepers in India, and that, on a conservative reckoning one in every three to four hundred of the population is a leper. This single fact gives us some measure of the magnitude of the task before us. The solution of the problem, therefore, calls for a very special effort on the part of the whole Indian community.
>
> The prosecution of this campaign will require a large expenditure of money, and I wish to make it plain that the aim of my appeal is to furnish the Indian Council with a really substantial endowment which will ensure to the benefit of future generations as well as our own, and will place on a basis of permanence, the work which we are able to inaugurate. If we are to carry out the programme drawn up by my Medical Advisory Committee, a capital fund of generous amount is needed."

Nineteen and a quarter lakhs of rupees have now been subscribed in response to this appeal and the Indian Council of the British Empire Leprosy Relief Association, after careful consideration, has decided to use this endowment fund primarily for research purposes, and the provision for provincial workers of training courses in the diagnosis and modern methods of treating leprosy. Propaganda work is also to be undertaken.

Among the most pressing problems of India's public health is infant mortality. It has been calculated that every year about 2 million Indian babies die. Birth registration is still too casual to afford precise data, but it may be stated with confidence that one in six, or perhaps even one in five, of the infants born in India perish within the first year of life. In crowded industrial cities the rate is even higher, and it is believed that in certain localities the infantile death-rate varies from over 200 to 600 per 1,000. In England, the corresponding rate averages about 80 per 1,000. Of late, much attention has been directed to remedial measures. Lady Chelmsford initiated an All-India Maternity and Infant Welfare League. Lady Reading took up the work, and the movement she has initiated, known as the National Baby Week, has caught the imagination of large sections of the people all over India. It would be difficult to exaggerate the practical importance of the stimulus thus afforded to the Infant Welfare movement. The exhibitions, lectures, and the baby shows, which annually take place in all the most important centres of India, have aroused public interest in an unprecedented degree. The local operations are directed by Provincial Committees of the National Baby Week, whose members display the keenest enthusiasm. Year by year the number of new towns applying for assistance in organising a Baby Week increases. There is an ever-growing demand for leaflets, pamphlets, model lectures, cinematograph films, and magic lantern slides. Various benevolent institutions such as the Poona Seva Sadan Society, the Social Service Leagues, and the Servants of India Society, have thrown themselves with enthusiasm into the task of furthering the campaign. The Poona Seva Sadan Society has a number of Infant Welfare centres and ante-natal clinics working in conjunction with the two maternity hospitals it conducts. In short, a great national organization has been created for the diffusion of knowledge concerning the requirements of babies both before and after birth. The new Baby Week movement is supplementing the efforts of older institutions such as the National Association for Supplying Female Medical Aid to the Women of India. Further, Lady Reading has initiated a scheme for training Indian nurses and doctors in larger numbers, which, as time goes on, should do much to improve the situation.

The movement is not confined to British India but has been taken up by the Indian States. An enthusiastic reference to Lady Reading's work was made by the Maharao of Kotah at a banquet given to the Viceroy at Kotah on March 3rd, 1926, and similar appreciation has been expressed by the rulers of other States.

Nothing is more significant than the comments of Indian newspapers of all communities and of all shades of political opinion on the subject of the Baby Week. Sentiment is unanimous and generous, and it is a great relief, after the asperities of political discussion in India, to read these comments in which there is no jarring note but only a whole-hearted and grateful recognition of the fact that Her Excellency's labours in India must inevitably cause a

Thier Excellencies Lord and Lady Reading at an Infant Welfare meeting.

Kindergarten Class.

permanent betterment of the lot of millions of Indian women and children.

In last year's report a full account was given of the Indian Jail System and also of the system of Civil Justice. As there have been no developments worthy of note during the year, in either of these two subjects of administration, there is no need to discuss them in the present volume but the recently declared policy of the Government of India with regard to the future of the Andaman Island deserves adequate mention here.

As long ago as 1921, the Indian Government announced their decision to abandon the Andaman Islands as a penal settlement, and between that year and the present, their policy has been directed towards the carrying out of this decision. The process, of course, has not been an easy one. In the first place, large numbers of convicts were living practically as free men under what is called the 'self-supporter' system; that is, they were living outside prison walls, and supporting themselves either by their work in the various industrial enterprises of the settlement or by cultivating land. For this latter purpose, loans are advanced by Government to the self-supporters. To have transferred these men forthwith to Indian gaols would have been to inflict a serious hardship on them, and, further, the congested condition of the gaols in most Indian provinces made it impossible for Provincial Governments to agree to the immediate transfer of large numbers of convicts. However, the withdrawal of incorrigible or physically unfit prisoners from the islands had, by December 1925, reduced their convict population to 7,740, that is, to 67 per cent. of the corresponding total of 1921.

But, although the Government of India have decided to abandon the Andamans as a penal settlement, total abandonment is unthinkable. Apart from their strategic, economic and scientific value—the latter particularly for the purposes of meteorology and wireless—the Islands have a local-born population who have never known any other home. Therefore, side by side with the reduction of the convict population, the Indian Government have made efforts to introduce a free population from outside. These efforts have not met with immediate success, for, of course, the very name of the islands has a sinister ring. Government therefore decided to try to induce convicts to stay in the islands as free settlers, and to this end extended widely the ticket of leave system, and also made certain relaxations in prison conditions. Since 1921, the proportion of self-supporters has increased from 10 per cent. of the total convict population of the Islands to 56 per cent. Further, convicts have been encouraged to import their wives and families, and prisoners in Indian gaols have been given the option of transferring to the Andamans.

The interests of the free population who now number between 4,000 and 5,000, have also been studied, and efforts are being made to attract persons with some capital to take up grants of land. Hitherto, it has not been possible to give either small holders, or persons desiring to develop larger areas, any real security of tenure, but the Indian Government have now issued a new Regulation under which it will be possible for grants of land for purposes of development to be given on a tenure which may extend to 60 years, while small holders will be able to obtain occupancy rights under easy conditions. Convicts who are cultivating holdings will, if qualified, receive occupancy rights from the day of their release. The more liberal grant of agricultural tickets of leave, and the prospect of receiving occupancy rights, has given a considerable stimulus to agriculture, and the area under annual crops had risen from 3,300 acres in 1921 to 6,400 acres in 1925, an increase of 94 per cent.

On the experience of the past five years, the Government of India have decided to continue the development of the Andamans along the above lines, and, among other measures, they are improving the conditions of public health in the islands by reclaiming swamps in the neighbourhood of the more thickly populated settlements. The wise and humane policy of giving criminals a chance to rehabilitate themselves in new surroundings, by allowing selected convicts from Indian gaols the option of going with their wives and families to the Andamans, is to be continued and developed. Free labour also can be imported at moderate rates and the Indian Government has succeeded in establishing already a small but genuine settlement of 30 Karen families where labour is required for forest work. A party of 160 returned emigrants from Natal recently arrived in Port Blair with the intention of settling in the Islands and similar parties who are prepared to accept local conditions will be welcomed by the Government. A very promising

Rice Crops near Kanappuram. (The Moplah Village, Andaman Islands).

Malapuram. The Moplah Village (Andaman Islands).

step towards the agricultural development of the Andamans was taken recently when the employment of an agricultural officer was sanctioned.

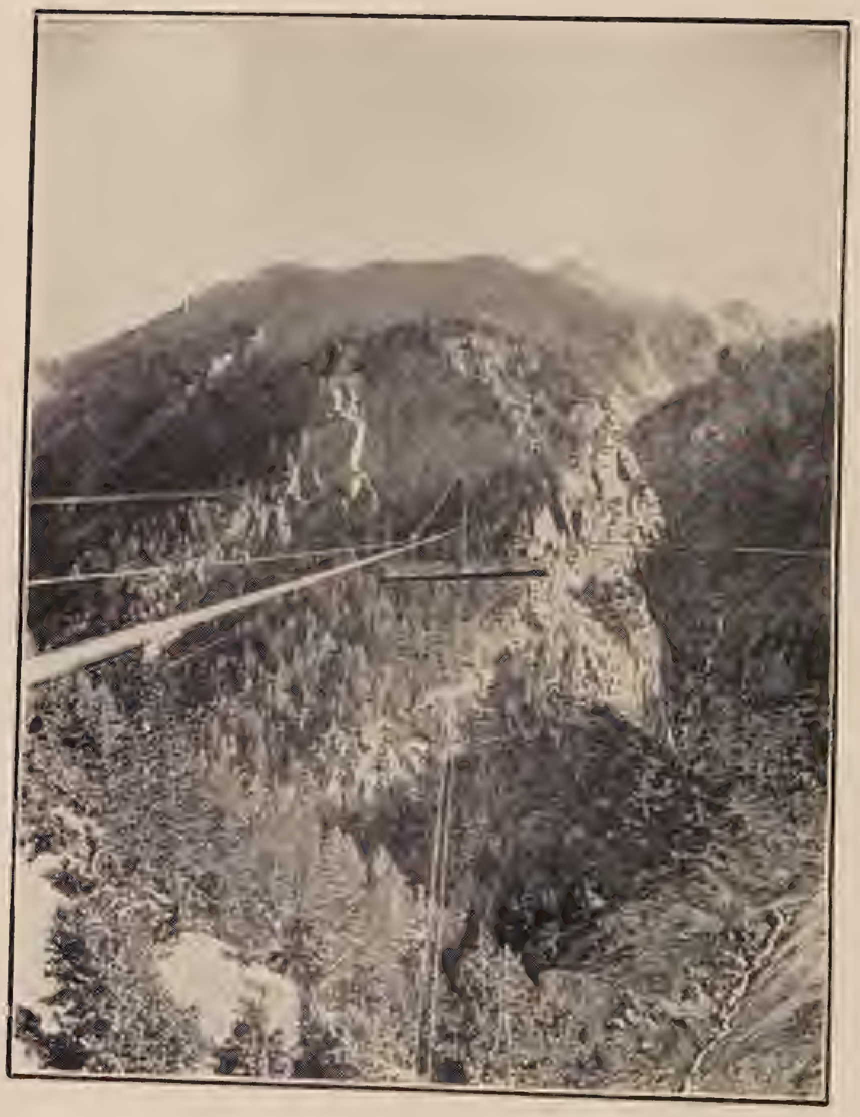
The importance to India's well-being of her Irrigation, Agricultural, and Forest Departments can hardly be exaggerated. The irrigation works of India are, of course, the most famous in the whole world; the value to a country like India, whose chief industry is agriculture, of Agricultural Departments devoted to research and the spread of agricultural education will be easily realised but to enable the general reader to understand the vital part played by forests of India in her political economy some explanation is necessary. It has been said that forestry is the hand-maid of agriculture. The epigram does less than justice to forestry, which might be more fittingly described as agriculture's foster-mother, for forests, as is well known, exercise a marked influence on climate and rainfall. They hold together the fertile surface soil; they store water and dole it out gradually, thus preventing disastrous floods and the formation of ravines; by checking erosion they prevent good soil from being washed into the rivers, and carried away to waste. Forests also directly increase the fertility of the land, being capable of forming rich vegetable mould even from mineral soils. Finally, in India, forests are a valuable asset in the time of famine; for they yield vast quantities of fodder and provide edible fruits and roots of which the poor readily avail themselves.

The neglect of her forests in times past has exposed India to many penalties. The dense forests once situated in the Gangetic plain have now very largely disappeared, the land once occupied by trees being now either cultivated or standing as a deserted tract with ever expanding ravines. Every province in India can show examples of the havoc done by deforestation. In the Punjab, for example, on all sides may be seen low barren hills and ravines pouring forth sand to encroach on good arable soil. Manure, particularly cow-dung, which should enrich the land, is used as fuel, a practice which has far-reaching economic effects. The process of deforestation has probably continued for many centuries, but its serious effects seem to have become for the first time apparent, when, under the stabilised conditions of British rule, the population of India greatly increased. New demands for timber and fuel, and the extension of tillage caused a fierce onslaught upon the forest areas. Fortunately the danger was perceived before it was too late and forest conservation has now been applied systematically for more than half a century. In earlier years the task was beset with great difficulties, for the Forest Department was compelled to discharge the unpopular duty of protecting the heritage of nature from the thoughtlessness of mankind. The close connection of forests with the well-being of the people, and the dependence of Indian agriculturists upon the forest in their vicinity, naturally operate to prevent the broad national aspects of forest conservation from being generally appreciated at their true value. Yet, were the Himalayas deforested, there could be no perennial canals on which the life of the Punjab and the United Provinces now so largely depends. Restrictions upon the grazing of cattle, the felling of trees and the lighting of fires, so necessary for the conservation of India's forest wealth, are frequently resented by those classes of the population whose activities are thereby restrained. From time to time the resulting friction between the Forest Departments and certain sections of the general public has led to agitation of various kinds. This was particularly marked in the days of the non-co-operation movement, when incalculable damage was done to the forests in certain parts of the Punjab and the United Provinces by incendiary fires. Within a few days the result of the careful conservation of decades was wiped out, and the promising turpentine and rosin industry suffered serious damage. The authorities have not been blind to the necessity of convincing the educated and the uneducated classes of the importance of forest conservation. Special care is being taken to relax the rigour of forest restrictions in such manner as to meet the requirements of villagers without prejudice to the interests of the future. In several provinces public opinion is being enlisted in support of the policy of the Forest Department by the constitution of committees, whose task it is to explain and justify the measures recommended by forestry experts. Many of the smaller reserves, which are chiefly valuable for the grazing which they supply to local cattle, have been handed over to Punchayats for management. It is to be hoped that with the gradual education of public opinion upon the subject of forests, the task of the authorities may be simplified; for nothing could be more disastrous to India's natural resources than the sacrifice of the future development of her forests to the immediate interests of the present generation. Even now, no fewer than 12 million animals graze in Government forests at nominal fees varying from 2 annas to Rs. 2 per annum. Moreover, it is estimated that the total value of rights and concessions enjoyed by villagers every year from the administered forests amounts to nearly one million sterling. Rights so extensive, unless carefully controlled and scientifically regulated, are capable of inflicting severe damage upon the forest resources of the country.

Despite the difficulty of securing the cordial co-operation of the general public, and the additional disadvantages of restricted staff and financial stringency, Indian forests yield a considerable revenue to the State. The net profit in 1924-25 was approximately Rs. 2·14 crores. This figure compares well with the results observed in certain other countries. For example, in the United States, the Forest Department, in order to build up and manage its forest estates, indents upon the general tax-payer to the extent of Rs. 60 lakhs every year. In Canada, also the forests are not a paying concern. The circumstances of New Zealand are particularly interesting. A Forest Department has recently been started there, but since funds are not available for building up the forest wealth of the country from revenue, the Administration has determined to organize its forests with loan money and to treat the whole expenditure as capital. There can be little doubt that such a policy, if pursued in India, would, within a short time produce remarkable results; for one-fifth of the total area of British India, or approximately a quarter of a million square miles, is under the control of the Forest Department. Of this large total, only about 100,000 square miles are under regular intensive management. From her forest assets, India is at present realising an average income of only 2 annas net per acre. On the other hand, some of her best forests under intensive management are already yielding a net return of as much as Rs. 15 per acre per annum. If the average net revenue could be raised to Rs. 3 per annum, the total profit derived by India from her forests would amount to Rs. 48 crores. And experts are agreed that India could make few more profitable investments than the sinking of adequate sums of money in a property with potentialities so enormous as those of her forests. By improvements in the growing stock; by concentrating methods of working management; by the development of new uses, markets and demands; by improved methods of extraction and exploitation; and by greater attention to minor forest products, the forest of India might be made among the most important sources of her national revenue. An immense scope thus exists for future expansion and the increased demand for timber and other forest products has of late stimulated the exploitation of Indian forests.

The vast potential value of research into forest economics needs, after the statements in the preceding paragraphs, but little demonstration. As a result of the recommendations of the Indian Industrial Commission, the Forest Research Institute at Dehra Dun is being considerably enlarged. At first financial stringency prevented much progress, but of late a great advance has been made in many important investigations. During the year 1924-25 notable advances have been made in the work done by the timber-testing, wood preservation, seasoning, paper pulp, wood-working and mechanical departments, as well as in sylviculture and forest botany, economy, entomology and chemistry. Experiments in methods of seasoning and in the durability of timber have shown that many of the so-called "jungle woods," which have hitherto possessed little commercial value, are capable of being turned to important uses. Much valuable work is now being done, with the aid of drying kilns, to produce timber suitable for superior qualities of work such as panelling, furniture, bobbins, gun-carriages and rifles, which in the past have had to be imported at considerable expense.

Among the most important lines of development in the future is forest engineering. But here, as in other directions, progress is severely handicapped by financial stringency, as well as by the lack of any system of providing funds for heavy capital expenditure, no matter how lucrative the ultimate returns will be. How much remains to be done from the point of view of exploitation is indicated by the fact that the forests of British India now produce annually about 350 million cubic feet of utilized timber, representing about 2½ cubic feet per acre, whilst the total annual production is probably not less than 1,200 million cubic feet. Despite this available balance, the imports of timber into India exceed the exports by 5½ million cubic feet. This paradox is due to two principal factors; first the inaccessibility and consequent



FOREST ROPEWAY.
Donald's Patent.

unworkability, of enormous areas; and secondly the small proportion of Indian timbers which possess at present commercial value. Under more extensive systems of developments, and with the discovery of new uses for timber at present unmarketable, the forests of India could easily supply the entire needs of the country and produce a handsome surplus for export.

Minor Forest products are now of growing importance. Lac, tanning materials, essential oils, turpentine, and rosin from Indian forests have established themselves firmly in the markets of the world. An avenue of great possibility has been opened up by the demonstration that bamboos can be utilized for the manufacture of paper pulp. It may be confidently hoped that the extensive forest areas of bamboo and savannah will be utilized in the future for the local manufacture of a large proportion of the paper now annually imported to the value of between Rs. 2 and Rs. 3 crores per annum. Private concerns in India are interesting themselves more and more in forest exploitation, and undertaking the extraction of timber, the manufacture of ply-wood and the production of paper pulp. Generally speaking, so far as minor industries are concerned, Government limit themselves to the maintenance of model institutions through which instruction is being imparted in the latest methods of work and the employment of up-to-date machinery. The production of rosin and turpentine has shown a steady rise during recent years, with the result that the imports of both these commodities are steadily losing ground before the advance of local production. The rosin industry in particular is now in a position to retard or accelerate its expansion as the market requires. Roughly, 80 per cent. of the Indian market has already been captured; and an appreciable proportion of production is now available for export. During the year 1924-25 rosin to the extent of 10,711 cwt. was shipped overseas, chiefly to England, Germany, Italy and Japan.

It has been decided to depute an officer to carry out a complete survey of the markets of South and East Africa, the Sudan, Egypt and Mesopotamia, with a view to helping sales of Indian timbers, and for this purpose the Government of India and the Government of Burma, Bombay and Madras are contributing proportionately towards the cost of the scheme.

Experiments made on the Forest Research Institute have shown the possibility of establishing a number of industries in connection with forest supplies. Among these are:—

the manufacture of a number of commodities required in textile manufacture, such as bobbins, tubes and pick arms from mulberry; and

the manufacture of bent-wood furniture from mulberry and shisham wood, and electric battery cases from spruce and blue pine.

When it is mentioned that the value of bobbins imported into India has been estimated at 73½ lakhs annually during the last three years, some idea can be formed of the value of the industries which are being made possible in India by the work of the Forest Department and the Research Institute at Dehra Dun. Again, Indian Railways are said to require almost a quarter of a million tool handles every year, many of which are at present imported. In some parts of India deodar wood has to be used for railway sleepers, beams and the like, because the cheaper woods, like that of the common Pinus longifolia of the lower Himalayas, cannot resist the attacks of white ants. The Dehra Dun Institute has shown that by treating this latter wood with certain antiseptics, it can be made immune from the white ant and can be given a life-time, as a railway sleeper, extending to fifteen years. The North-Western Railway has erected a creosoting plant for treating the wood of Pinus longifolia and other cheap woods, with an immense saving to its annual budget. The Dehra Dun Institute, again, has discovered commercial uses for timber hitherto considered valueless. The sucker rods used in oil wells in India and Burma have hitherto been made from hickory wood imported from America. One Oil Company alone in Burma annually imports over £50,000 worth of hickory rods from America. The Dehra Dun experts, however, have shown that the wood of Terminalia tomentosa, which is a common tree in many parts of India, is every bit as good as hickory wood for sucker rods. Again, largely owing to the efforts of the Forest Department, various kinds of Indian timber are being used in the manufacture of railway carriages and wagons in preference to timbers imported from Canada, America and Scandinavia.

In the work of the Irrigation Department we study Government activities as beneficial as any which history records. Speaking in the House of Commons on the Indian estimates, on July the 10th, 1925, Lord Winterton stated that in India " the total area under irrigation is nearly one-eighth of the entire cropped area of the country." But if this figure is astonishing, the progress made in irrigation during the last quarter of a century is still more astonishing. Between Lord Curzon's Irrigation Commission of 1901-03 and the year 1922, the number of irrigation works of importance in India has exactly doubled, and the area irrigated by them has increased during the same period from 10,656,000 acres to 18,762,000 acres. Further, since 1922, nineteen other important works have been completed or are under construction, their cost being over five hundred million rupees and the area to be brought by them under irrigation, or under improved watering, being 11,226,000 acres. Thus, when the projects at present under construction have been finished, the area under irrigation by important works will be nearly three times what it was in the year 1902-03. These figures are stupendous and in themselves they defeat rather than aid the imagination. Therefore one or two instances of the changes brought about by canals in India may be quoted, so that the reader may project his imagination from these to numerous similar examples all over the country and thus form some conception of the total increase in the welfare of that fifth of the human race which is the population of India. Two generations ago, a large part of the North-Western Punjab, particularly the Shahpur District, was a minature Sahara. The present Lyallpore District was part of an arid waste which stretched over the two neighbouring districts of Jhang and Montgomery. To-day a great part of the Shahpur District, apart from the Salt Range, is green and prosperous. In the Lyallpore District there are now a million inhabitants—the vast majority of them being well-to-do cultivators—where, before the coming of the canals, a few half-savage nomads had wandered from before the beginning of history. Again, chiefly owing to irrigation, the annual value of the wheat export from the Punjab has risen from one million to over six million sterling. Ancient geographers used to speak of that part of India which stretches from the central Punjab to Karachi as a desert with a scanty cultivation along the banks of rivers. Their descriptions, since the coming of the Canal Engineer, have ceased to be true of large stretches of this area, and when the great Sutlej Valley and Sukker Barrage projects are completed, they will be far less true than they are now, for the "Great Indian Desert" will be hardly more than a tradition with only odd patches like the Mianwali Thal to show the ancient state of the country-side.

Government Irrigation Works in India comprise both tanks and canals. The former are generally small affairs which derive their importance from their vast numbers. In Madras alone there are over 35,000 petty irrigation works serving from 2½ to 3 million acres. But the tanks, of course are entirely over-shadowed by the canals which are the glory of the Indian Irrigation System. Canals are of two kinds, the first of which draw their supplies from perennial rivers, whilst the second depend upon water stored in artificial reservoirs. The former are mainly found in connection with rivers rising in the Himalayas, the snow upon which acts as an inexhaustible source of supply during the dry months of the year. The latter are principally associated with the rivers rising in the Peninsula proper, where no such natural storage is available. Storage works are situated mainly in the Deccan, the Central Provinces, and in Bundelkhand. They range in size from small earthern embankments to enormous dams such as that now under construction in the Madras Presidency, capable of impounding over 90,000 million cubic feet of water. Canals which draw their supplies from perennial rivers may again be divided into perennial and inundation canals. The former are provided with headworks, which enable water to be drawn from a river, irrespective of its natural level, some obstruction being placed in the bed so that the water may reach the height required to secure admission to the canal. Within this class fall the great perennial systems of the Punjab and the United Provinces. Inundation canals have no such means of control, and water only finds its way into them when the natural level of the river reaches the necessary height. The most important inundation canals in India are those of Sind; indeed, upon them depends the whole irrigation of the Province at present; but they also exist in the Punjab, drawing their supplies from the Indus and its tributaries.

With the introduction of the Reforms, two important changes were introduced in the classification of Government irrigation works. In the first place, Irrigation was given the status of a Provincial reserved subject, enhanced financial powers being delegated to local Governments in order to give them a much freer hand than they had previously possessed, in respect of all but the most important projects. Only those works estimated to cost over Rs. 50 lakhs now come before the Government of India for submission to the Secretary of State. In the second place, the old and somewhat cumbersome, classification of individual works was abandoned; and all are now classified as either productive or unproductive. Productive works are such as satisfy the condition that within ten years of their completion they produce sufficient revenue to cover their working expenses and the interest charges on their capital cost. All other works are classified as unproductive.

During the year 1924-25 the total area under irrigation, excluding Indian States, amounted to 27·2 million acres. This represented 12·4 per cent. of the entire cropped area of the country, and was about a million acres less than the record area of 28⅓ million acres irrigated in 1922-23. The total length of main and branch canals and distributaries in operation amounted to about 67,000 miles; while the estimated value of the crops supplied with water from Government works was Rs. 152 crores. The area irrigated was largest in the Punjab, where 10·1 million acres were irrigated during the year. In addition 689,000 acres were irrigated from channels, which although drawing their supplies from British canals, lie wholly in the Indian States. Next among the Indian Provinces came the Madras Presidency, with an area of 7·1 million acres; followed by Sind with 3·7 million acres, and the United Provinces with 2·3 million acres. The total capital outlay on irrigation and navigation works, including works under construction, amounted at the end of the year 1924-25 to Rs. 93·58 crores. The gross revenue was Rs. 10·85 crores, and the working expenses Rs. 4·03 crores. The net return on capital is therefore 7·29 per cent.

We may now briefly describe the more important of the new projects under construction.

There are on either bank of the Sutlej, in British territory on the north, and in Bahawalpur territory on the south, a long series of inundation canals, which draw their supply from the river whenever the water supply is high enough to permit it. These canals are liable to all the drawbacks of irrigation by inundation.

There are no weirs at their heads, and, in many cases, no means of controlling the volumes entering them. Consequently while the water supply is assured during the monsoon months of a normal year, it is liable to serious fluctuations according to the seasonal conditions. In a year of inferior rainfall, little water enters the canals; in a year of heavy rainfall, they are liable to grave damage by floods.

It is to remedy this state of affairs that the Sutlej Valley project has been framed. This will afford the existing canals an assured and controlled supply from April to October; it will enable their scope to be extended so as to embrace the whole low-lying area in the river valley; it will afford perennial irrigation to the uplands on both banks, which are at present entirely unirrigated, and owing to the low rainfall, waste. The project consists of four weirs, three on the Sutlej, and one on the combined Sutlej and Chenab, with twelve canals taking off from above them. This multiplicity of canals and weirs seems a peculiar feature of the scheme, until it is realised that the project consists of four interconnected systems, each of the first magnitude. The canals are designed to utilise 48,500 cusecs during the hot weather and the monsoon, and 7,000 cusecs during the cold weather. Over 5 million acres will be irrigated, of which 2 million will be in the Punjab, 2·8 million in Bahawalpur, and 0·34 million in Bikanir. The real value of the project will be appreciated from the statement that, as a result of it, 3¾ million acres of desert waste will become available for cultivation. The scheme, which received the sanction of the Secretary of State in December 1921, is progressing well, and up to the end of 1924-25, Rs. 620 lakhs had been spent upon it. A fresh estimate for the project is under preparation by the local Government. At the beginning of April, 1926, Sir Malcolm Hailey, Governor of the Punjab, opened the great headwork at Suleimanki in the Ferozpur District. It is estimated that the last tributary of the last canal of the project will be opened by 1933.

The Lloyd (Sukkur) Barrage project in Sind, which is the greatest irrigation scheme now under construction, was finally sanctioned by the Secretary of State in 1923. Its object is to give an assured supply to, and extend, the irrigation now effected by the numerous inundation canals in Sind, which draw their water from the Indus. This will be achieved by the construction of a barrage, nearly a mile long between abutments, across the Indus, and it will be by far the biggest work of its kind yet built. From above the barrage seven canals will take off, irrigating over 5 million acres, of which 2 million comprise existing inundation irrigation, to which an assured supply will be given, while the remainder is at present entirely uncultivated. The cost of the scheme will be about £12 millions. During the year under review work on this project progressed satisfactorily, and up to the present, the total quantity of excavation and earthwork done on all the canals is approximately 250 million cubic feet which is equivalent to the removal of a cube of earth 630 feet high, 630 feet wide and 630 feet long.

In March 1925, the Secretary of State sanctioned the Cauvery Reservoir Project in the Madras Presidency, the estimated cost of which amounts to £4 millions. The project has been framed with two main objects in view. The first is to improve the existing fluctuating water supplies for the Cauvery delta irrigation of over a million acres; the second is to extend irrigation to a new area of 301,000 acres, which will, it is estimated, add 150,000 tons of rice to the food supply of the country. The scheme provides for a large dam at Metur on the Cauvery to store over 90,000 million cubic feet of water, and for a canal nearly 88 miles long with a connected distributary system. It is expected to yield a net revenue of £300,000 which represents a return of 7·6 per cent. on the estimated capital cost.

Almost every Province has several schemes under investigation which are not yet ripe for sanction, but it is interesting to note that if only those projects which are likely to be constructed within a reasonable time are reckoned, an addition of over 6 million acres to the total area under irrigation will result. As we have already noticed, the record area irrigated by Government works was attained during the year 1922-23, when it extended to above 28 million acres. By the time the projects now under construction are in full working order, a total of 40 million acres is confidently anticipated. When allowance is made for the more promising projects now being considered and for the natural expansion of existing schemes, an ultimate area of 50 million acres is by no means improbable.

It should not be forgotten, however, that irrigation in India does not end with her canals. Wells are and always will be a vital factor in Indian irrigation. Here, too, the Government takes an active interest, which is continually increasing. Of the area of approximately 56½ million acres irrigated in India (including Indian States), about 13½ million acres are commanded by wells. The improvement of their efficiency by subartesian bores and the installation of power pumping plants form one of the principal features of the programme of the engineering sections of the Agricultural Department. During the short period of its existence, the department has been instrumental in increasing the capacity of thousands of existing wells and in digging or sinking an equally large number of new ones.

In 1924-25, the number of wells bored by Government was 1,879, of which 1,293 were successful. The number bored in the preceding year was 1,766 of which 1,243 were successful. There is great scope for the constitution of power pumps for water lifts driven by bullocks or man power. Some progress in this direction has been made, but the plant will require to be standardized, and capital, or at least, credit provided before this method of lifting water is adopted on a large scale. In our discussion of the work of the Indian Forest Department, we saw something of human activity displaying itself on the fringe of great natural processes. With Irrigation, we saw the gift of nature being diverted by human ingenuity to the service of mankind. In studying the operations of the Agricultural Department we see, as it were, the third link in the chain which binds together human welfare and nature. The success of agriculture in India depends as elsewhere on supplies of water in due season. Over a vast and increasing area of India, the water is being supplied by the canals, and the Indian forests help to guarantee the supplies of water for the canal engineer to use.

Short as the history of the Agricultural Department has been, it has laid India under a heavy debt of gratitude. In view of the recommendations of the Lee Commission in favour of the provincialization of the Indian Agricultural Service, recruitment to the service ceased during 1925, and 38 posts remained vacant. The posts of Agronomist, Physical Chemist, and Sugarcane Expert, Coimbatore, in the Imperial Department of Agriculture, were

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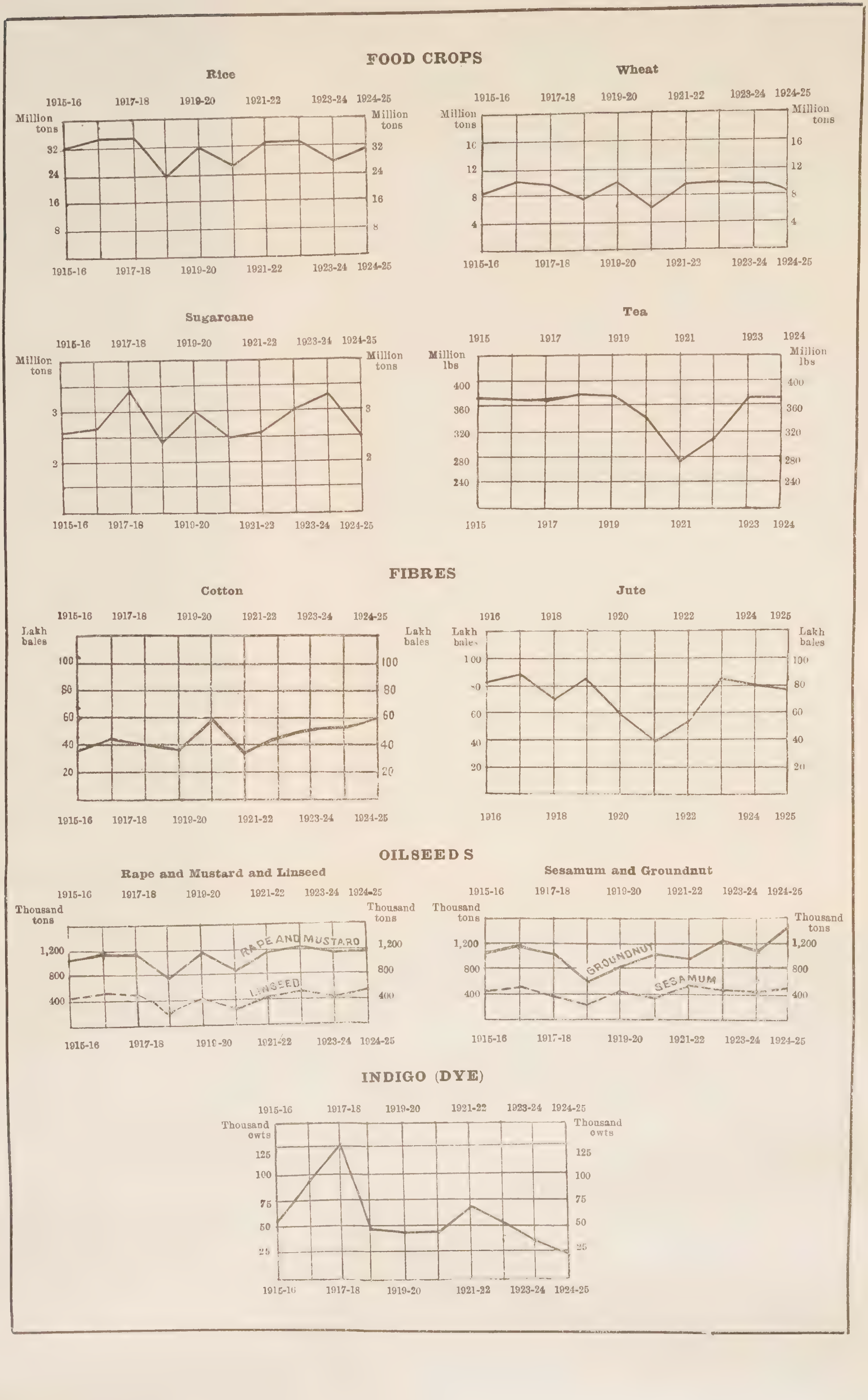
DIAGRAM No. 8.

Yield of certain principal Crops from 1915-16 to 1924-25.



placed outside the cadre of the Indian Agricultural Service, and the posts of Assistant to the Imperial Dairy Expert, Second Cane-breeding Officer, Coimbatore, and Deputy Secretary, Indian Central Cotton Committee, with a status equal to that of a member of the Indian Agricultural Service but outside the cadre of that service, have been created. Indians have been appointed to the posts of Assistant to the Imperial Dairy Expert and Sugarcane Expert, respectively. The other posts were not filled during the year.

The Sugarcane Breeding Station at Coimbatore has been placed on a permanent footing under the control of the Imperial Government with effect from the 1st April 1925, and funds have been provided for its expansion.

The fourteenth meeting of the Board of Agriculture in India was held at Pusa during the year under review. Among the problems discussed were those relating to the development of animal husbandry and dairying, the improvement of the tobacco industry, the protection of crops from the depredations of wild animals, and the utility of agricultural schools.

Three grades of agricultural institutions, each with a distinct aim, are maintained by the Agricultural Department in India. First come the agricultural middle schools started in recent years in some provinces as an experimental measure. They are intended to provide a course of agricultural training suitable for the sons of tenants or small landowners who intend to take up farming on leaving school. These vocational schools have not as yet made much headway, but a scheme under trial in the Punjab, by which agricultural training is given in ordinary middle schools, has had much success. It has attracted wide notice, and steps are being taken in at least three more provinces to adapt it to their respective needs. To the provincial agricultural colleges is assigned a dual role; they train men for employment in the agricultural department, and they provide, too, a course of training for students who are desirous of turning their instruction to practical account in private farming or estate management. There are six such colleges—at Poona, Coimbatore, Lyallpur, Nagpur, Cawnpore and Mandalay, of which the first four are now affiliated to the local universities, the one at Nagpur having received recognition during the year under review. The Agricultural Research

Institute at Pusa and the Imperial Institute of Animal Husbandry and Dairying at Bangalore provide facilities for post-graduate courses qualifying for the highest appointments in the Agricultural Services. There is a brisk demand for admission to the 2-year course for the Indian Dairy Diploma provided at the Bangalore institute and it is hoped that in the near future dairy farms may be equipped in some provincial centres for training students for the Dairy Diploma. Some of these educational institutions also give short courses of a practical nature in special subjects.

Rice is the premier crop of India, as it occupies 35 per cent. of the total cultivated area, and is the staple food of most of the people of the country. Though India is the largest exporter of rice in the world, the Agricultural Department is working towards an increase in yield rather than an improvement in the quality from the exporters' point of view. In Burma, however, which contributes three-fourths of the exports, the requirements of the foreign market are also kept in view. The large number of types under cultivation, and the widely varying conditions of climate and soil under which they are grown in different parts of the country, make the work of fixing superior types particularly difficult in the case of this crop. As a result of many years of patient work, however, several superior types have been isolated, tested and propagated for distribution in the principal rice-growing provinces; the area under improved varieties in 1924-25 was 569,908 acres. Some of these departmental selections are not only high yielders but are specially valuable as they are adapted to special conditions suited to their qualities. For example, the Dahia paddy of Bihar produces on poor land liable to drought double the quantity of rice previously grown by the cultivators.

Wheat stands next to rice in acreage, covering as it does 10 per cent. of the total cultivated area. The replacement of the country wheats by higher yielding varieties of better grain quality is proceeding apace. The new varieties not only combine high yield, good milling and baking qualities, strong straw, and resistance to rust, but possess the added character of being able to mature with less water than the general run of Indian wheats. During 1924-25, they occupied an area of approximately 2,283,099 acres.

In the two premier wheat-growing provinces—the Punjab and the United Provinces—10 per cent. of the wheat area is already under the selected strains; Punjab 11 and Punjab 8-A in the former, and Pusa 12 and Pusa 4 in the latter, while in the North-West Frontier Province, Pusa 4 occupies 25 per cent. of the area under wheat. A hybrid (Pusa 52) has been fixed at Pusa, which besides being as heavy a yielder as the older selections, has the awn, which is an aspect of considerable importance in certain parts of the country as a protection against birds. In the past season it gave 9,476 lbs. of grain over an area of 4·22 acres or roughly 37½ bushels per acre.

Considering the vast area under sugarcane (over 2½ million acres) India should be at least self-supporting as regards her sugar supply, but she had to import 671,000 tons during the year ending 31st March 1925. The Agricultural Department has, however, now obtained sufficient evidence to prove that, given the proper varieties of cane, and facilities for manuring the same, the cane-growers of this country should be able, without increasing the area under the crop, to grow all the sugarcane required to meet the existing demands for *gur* and white sugar. The hope of effecting an improvement in outturn by introducing the cultivation of improved varieties has received a remarkable stimulus from the work inaugurated at the Coimbatore Cane-breeding Station by Dr. C. A. Barber, late Government Cane-breeding Expert. One of the Coimbatore seedlings, Co. 205, is giving 60—80 per cent. more *gur* per unit area than the best local canes in the Punjab. In Bihar, Co. 210, Co. 213 and Co. 214 have given from 50 per cent. to 100 per cent. more stripped cane per acre than the local Hemja. Cane Factories and cane growers are now doing their utmost to assist in extending the area under these new varieties. Up to the present, the Coimbatore station has been engaged in breeding thin and medium varieties of cane for Northern India. Since its transfer to Imperial control this year, arrangements have been made to acquire for the station an additional area of land with a view to breeding thick canes for Peninsular India.

The department's work on the important cotton crop aims at increasing the yield per acre and improving the quality of the produce. The improved strains introduced by the department were sown during 1924-25 on over three million acres which represents 12 per cent. of the total area under the crop in the country. Nearly two-thirds of this area lies in the three provinces of the Punjab, Bombay and Madras, where India's longer stapled varieties are mainly grown.

The Cotton Transport Act promoted by the Indian Central Committee to prevent the adulteration of cotton has been extended to the more important cotton areas of the Madras Presidency. In the Bombay Presidency, where it was applied in the first instance, marked improvement has resulted in the quality and purity of Surat, Dharwar and Kumpta cottons and the growers are getting enhanced prices. A cotton Ginning and Pressing Factories Act, which is considered as a necessary corollary to the Transport Act, has been enacted this year at the instance of the Cotton Committee. The new Act will, it is believed, tend to prevent the mixing of cottons in gins and presses, as it will enable the buyer to find out who is responsible for this reprehensible practice.

The Indian Central Cotton Committee's Technological Laboratory in Bombay provides the most satisfactory method of ascertaining the value of cotton by actual spinning tests carried out under expert control. These tests are supplemented by other scientific processes directed towards classifying the properties of various types of Indian cottons, and these results are correlated with the results from spinning tests. The Institute of Plant Industry at Indore, the cost of which is being met partly by the Cotton Committee and partly by the Central Indian States, has started experimental work on cotton and crops cultivated in rotation with it. The Committee are also financing special research schemes in the various provinces which promise to give valuable information on such points as the shedding of bolls and buds by the cotton plant, and the control of spotted and pink boll-worms, which do great damage to the crop. The Committee has also provided two special Botanists for the Central Provinces and the Punjab. In the Central Provinces the Botanist will devote his attention to the improvement of the neglectum cottons grown in that province, while in the Punjab he will concentrate on the improvement of the acclimatized American cottons grown under canal irrigation.

To prevent the introduction of Mexican Boll Weevil into India the Government have issued Statutory Rules under the Destructive Insects and Pests Act, 1914, to enforce the fumigation of American cotton imported into India. Bombay is the only port through which American cotton can be imported into India.

The cultivation of jute is confined to North-East India, 83 per cent. of the total area being in Bengal alone. The Agricultural Department in Bengal has isolated higher yielding, disease-resistant strains of the two main species cultivated, which now occupy about 10 per cent. of the area cropped with jute. This is undoubtedly a conservative estimate, for dealers in Narayanganj, Chandpur and Madaripur consider that half the jute now brought to these trade centres owes its origin to improved strains introduced by the department. These improved strains have also done well in Assam and Bihar. The introduction of jute cultivation in the Ganjar tract of the United Provinces, where conditions are similar to those obtaining over large areas in Bengal, has proved a success. If a market for the produce can be created, the area under jute will, it is believed, increase in this tract.

On an average a little over a million acres are cropped with tobacco in India. The varieties of tobacco indigenous to India give a somewhat coarse leaf which, to some extent, meets the local demand. The cheap foreign cigarette has, in recent years, however, brought about a change in the public taste, and a great demand has grown up in this country for a cigarette tobacco possessing the flavour of the imported Virginian cigarette. There are also great possibilities of developing an export trade in this kind of tobacco, particularly with Great Britain, as the latter has reduced her customs duties on Empire grown tobacco. It is believed that by crossing the well-known Pusa Type 28 with American varieties, it is possible to evolve a superior type, the introduction of which would help to foster an indigenous cigarette industry and a better export trade. Breeding work on these lines has been started at Pusa where different methods of curing the leaf are also being investigated.

Among the variety of oil-seeds in cultivation in this country, ground nut is particularly important as it grows well on light land. The improved varieties introduced by the Agricultural Department have replaced less profitable crops in parts of the country. The extent to which the area under ground nut is increasing may be gathered from the fact that the 28 lakhs of acres now occupied by this crop is more than five times the average area in the quinquennium ending 1904-05. In the Bombay Presidency, a departmental selection which brings in from Rs. 80 to Rs. 100 per acre has taken the place of other crops worth about Rs. 40 only: while in Bihar and Orissa a variety has been introduced which gives a yield worth Rs. 100 per acre on light soil on which the cultivators formerly grew *Kurthi*, the value of which never exceeded Rs. 16 per acre.

The Agricultural Department has of late years given much attention to the question both of growing and storing fodders. Several promising fodders have been introduced and methods of storing them in the dry state or as ensilage have been adopted. It has been definitely proved that palatable ensilage can be made from coarse grasses, weeds and other herbage which in most parts of India are available in considerable quantities towards the end of the rains. Crops such as maize and juar, cut and siloed in kutcha pits when in flower, also make excellent silage as experience has shown on almost every Government farm. The silage is especially valuable for use in the hot weather when pasture lands are parched and bare and when it is impossible to keep cattle in condition without leavening their diet with some green food, however small.

The introduction into India of the famous Egyptian clover and soil renovator, which is now being successfully grown in Sind, Bihar, the Central Provinces and the North-West Frontier Province, is one of the great achievements of the department. Berseem is grown at Pusa from November till May, and is followed in the same year by a crop of early maize. By cropping a comparatively small irrigated area of poor land with these two crops, a large herd is provided for the greater part of the year with all the bulky green food it requires.

In addition to economic work on crop improvement, a number of investigations relating to land improvement are carried out by the Agricultural Department. During the year under review, some important results have been obtained regarding the movements of nitrates in the soils, the conservation of soil moisture, the storage of farmyard manure, the utilization of the sources of natural indigenous phosphate, etc. At Pusa, an electrical process has been worked out for the preparation of dicalcic phosphate from apatite, which is found in large quantities in parts of Bihar. This method eliminates the use of sulphuric acid, the high price of which has hitherto stood in the way of utilizing Indian deposits of apatite in the manufacture of superphosphate. It has been proved at Pusa that by means of composting with sulphur, the natural indigenous phosphate in the form of bones can be effectively utilized in place of imported super-phosphate.

In Indian agriculture, cattle play a larger part than they do in most countries, and naturally, cattle-breeding and dairying have received increasing attention within recent years. The Imperial and Provincial Departments of Agriculture, as well as some of the more advanced Indian States, have drawn up schemes of improvement based on the assumption that there are too many scrub, half-starved cattle in this country, and that an improvement in the quality of Indian livestock is necessary. Improvement can be effected, it is believed, by selective breeding, cross-breeding, and better feeding. The different breeds are, therefore, being studied, and pure bred herds established with the view of providing a foundation whereon the cattle industry, both as regards draught and milk, can, in course of time, be raised. At Pusa, the milk yield of the pure Sahiwal herd has been almost doubled in 10 years by selective breeding and better feeding, while the immediate result of cross-breeding with sires of European pedigree has been to produce animals giving on an average double the milk yields of the best Sahiwals. Having produced a cross of good milking capacity by adding Ayrshire blood, it is proposed to adapt the strain to the needs of the country by mating the cross-bred dams with Sahiwal bulls of good milch pedigree. It is hoped that in course of time a well-defined Sahiwal-Ayrshire strain will be evolved, which, though inferior to the first cross in milking capacity, will be hardier and more adaptable. Breeding work on these lines is being continued on three other farms of the Imperial Department, as well as on the cattle and dairy farms in the provinces.

Until, however, the apathy of Indian land-owners towards rural economics generally is overcome, the high standard of cattle-breeding and cattle-feeding being demonstrated on Government farms will be of little avail. This apathy can, it is believed, be broken down by giving the sons of land-owners a more scientific and practical education. It is hoped that, in course of time, education similar to that now provided at the Imperial Institute of Animal Husbandry and Dairying will go far to foster a practical interest in cattle-breeding and dairying. With a view to supplementing the facilities available for dairy education, the Government of India have this year taken over temporarily the military creamery at Anand in Gujerat and propose to run it as a dairy factory school for the training of factory managers and others.

The problem of how to organize a pure milk supply for urban centres is also engaging the attention of the Department. Experience in the Central Provinces and Bengal has shown that the organization of the trade on co-operative lines offers great possibilities, but that it is necessary to organize the production as well as the sale of milk.

The cattle population of India is subject to an ever present menace from the most destructive contagious diseases in the world. The brunt of the struggle against this menace is borne by the Indian Veterinary Service. With the recrudescence of rinderpest in an intense form after a comparative respite of three years, the services of the provincial veterinary staff were requisitioned to a larger extent than in the previous year. While in 1923-24, the cases treated at the veterinary hospitals and dispensaries and by itinerant officers numbered 2,373,909, during 1924-25 2,740,121 animals were offered for treatment. The number of inoculations carried out with sera and vaccines for granting immunity against contagious diseases in infected areas similarly rose from 812,141 to 968,431. If it is remembered, that in 1919-20, when the mortality from contagious diseases was 25 per cent. higher, the numbers offered for treatment and inoculation were respectively 2,032,439 and 709,795, the extent of the increasing confidence on the part of the Indian peasant in the work of the Civil Veterinary Department will be readily realized.

A most progressive step has been taken this year in the Madras Presidency in connection with the application of prophylactic measures against rinderpest, which, even at low virulence, levies as heavy a toll as all other contagious diseases put together.

Under the powers conferred by the Madras Cattle Diseases Act, compulsory inoculation by the serum alone method, which has been accepted on account of its simplicity and absolute safety as the most suitable for India, has been legalized in villages notified by a District Magistrate. This is a step in the right direction, for outbreaks of rinderpest are not likely to be less frequent or less virulent until all animals exposed to infection in an outbreak are compulsorily inoculated with a preventive serum.

The greater part of routine serum manufacturing work hitherto done at the Imperial Institute of Veterinary Research at Muktesar has been unloaded on to the tributary plains sub-station at Izatnagar. This has proved an effective step as it has enabled Muktesar to supply a larger quantity of sera and vaccines and to be utilized to a larger extent than before for research. The demand in 1925-26 for the sera, vaccines, etc., made at the Institute was a record one, nearly 6 million doses having been supplied. Systematic courses of training in laboratory methods ranging in duration from two to six months have been instituted at the Institute for members of the Indian Veterinary Service and the Royal Veterinary Corps, and selected subordinate officers of the Provincial Civil Veterinary Departments. In the year under report, 16 officers availed themselves of the facilities thus afforded.

In addition to the saving of cattle life from the ravages of disease, the Veterinary Department performs the important function of emasculating inferior bulls to prevent deterioration of the breeds of cattle. During 1924-25, 195,427 scrub bulls were castrated by this department, of which as many as 109,432 were done in the Punjab. The introduction of the Burdizzo castrator, by which an animal can be rendered sterile without cutting the skin or shedding blood, has rendered the operation unobjectionable to the religious susceptibilities of the people, and an appreciable increase in the number of animals offered for emasculation may be expected in the near future. All efforts at cattle improvement are in danger of being nullified until it is made impossible for these scrub bulls to reproduce their kind.

CHAPTER VIII.

Finance, Commerce, Industries and Communications.

(In Appendix I will be found a brief sketch of the Indian financial system. A crore is ten millions and a lakh is one hundred thousand.)

In Chapter IV the Financial History of 1925-26 was sketched in very broad outline, and here that sketch will be filled in by a brief description of the principal conditions which affected the year's finances.

The prosperity of India, and, consequently the state of the Indian Budget, depends very largely on weather conditions. Indeed, many people to whom India is hardly more than a name are yet familiar with the famous description of the Indian Budget as " a gamble in rain ". Since this epigram was made, the Indian Government have marked many of the cards with which they play, by extending irrigation and communications, especially Railways, and the gamble has thus already assumed something of the form of a game of skill and foresight. Nevertheless, continuing our analogy, the monsoon still takes a leading part in the game and the Indian, and now, also, the Provincial Governments, must play according to the cards which it deals.

During 1925-26 weather conditions were not altogether favourable. The previous winter's rainfall was not unsatisfactory, but the wheat crop suffered from excessive cold and high winds. Almost everywhere in India, the monsoon came to an early end. But Indian trade and commerce during the year were influenced less by internal conditions than by general conditions of world trade. In the previous year, the prices of cotton, both raw and manufactured were entirely out of tune with the general price level. By the end of the financial year 1925-26, however, raw cotton appeared to have returned very nearly to its pre-war relation to other prices, thus holding out the prospect of an increased trade in cotton piece-goods as soon as prices became steadier. During the year, the import of cotton piece-goods fell considerably—the decrease during the first nine months of the financial year amounting to 22 per cent. in value and 15 per cent. in quantity. The

DIAGRAM No. 9.

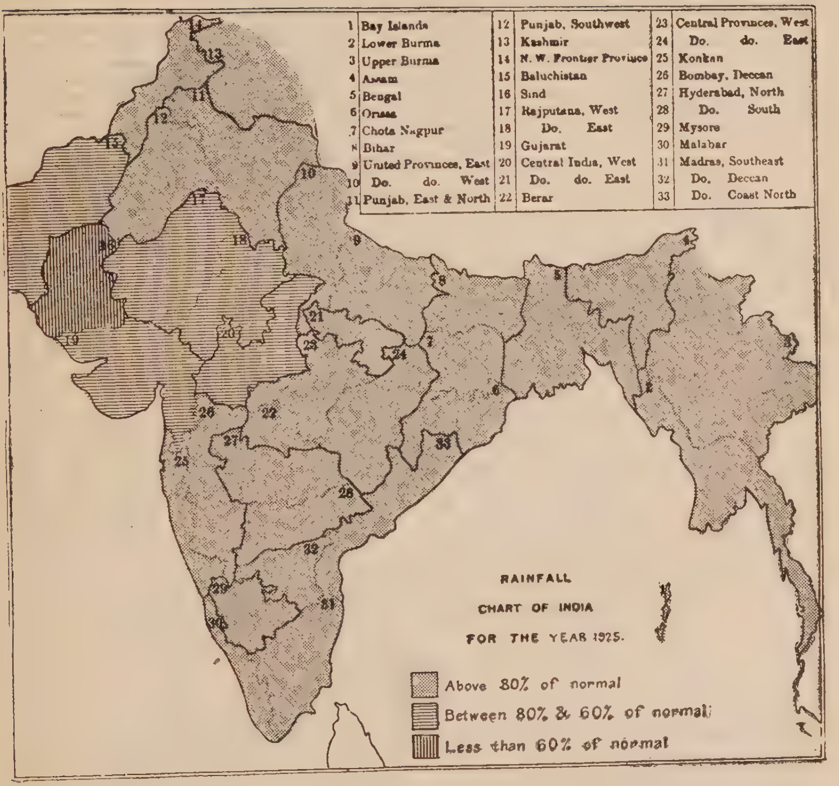
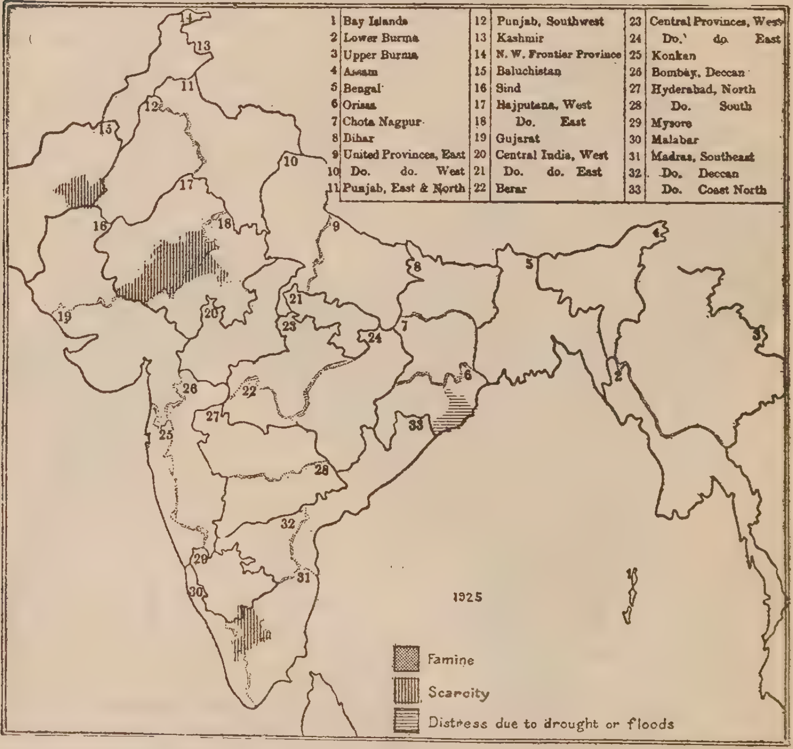

1 Bay Islands
2 Lower Burma
3 Upper Burma
4 Assam
5 Bengal
6 Orissa
7 Chota Nagpur
8 Bihar
9 United Provinces, East
10 Do. do. West
11 Punjab, East & North
12 Punjab, Southwest
13 Kashmir
14 N. W. Frontier Province
15 Baluchistan
16 Sind
17 Rajputana, West
18 Do. East
19 Gujarat
20 Central India, West
21 Do. do. East
22 Berar
23 Central Provinces, West
24 Do. do. East
25 Konkan
26 Bombay, Deccan
27 Hyderabad, North
28 Do. South
29 Mysore
30 Malabar
31 Madras, Southeast
32 Do. Deccan
33 Do. Coast North
RAINFALL
CHART OF INDIA
FOR THE YEAR 1925.
Above 80% of normal
Between 80% & 60% of normal
Less than 60% of normal

DIAGRAM No. 10.

Chart showing areas affected by famine, scarcity and temporary distress due to drought or flood 1925.



outstanding feature of Indian export figures during the same period was a heavy fall in the quantity and value of the exports of wheat. Apart, however, from these two commodities, the trade figures of the year were satisfactory. The year was prosperous for the tea industry and the prices of raw and manufactured jute advanced. The number of motor vehicles imported went up by 24 per cent.

The rupee-sterling exchange was consistently strong during the year and showed no wide fluctuations. This steadiness, and the abstention of the Government of India from the loan market, save for conversion purposes, were largely responsible for the absence of stringency in the money market. At the date of the Budget Speech (March 1st 1926), it seemed possible that the Bank rate would not rise above 6 per cent. during the busy season of the year. If this possibility materialises, it will be the first time since the establishment of the Imperial Bank of India that the rate has not risen to 7 per cent. during the busy season.

The final estimate of gross receipts from customs is 47·83 crores, which is 30 lakhs higher than the budget figure. If an anticipated saving of 20 lakhs under refunds materialises, it will result in a total improvement of 50 lakhs in the net receipts which are expected to amount to 46·85 crores. Protective duties showed increased yields and the reduction in the excise duty on motor spirit, contrary to the expectation of some, led to no decrease in the yield. The suspension of the Cotton Excise Duty from December onwards coupled with a fall in values, reduced the income from the duty by 71 lakhs as compared with the budget estimates. The yield from the import duty on cotton goods was not much more than 6 crores. On the other hand, an anticipated increase of 130 lakhs from the sugar duty is expected fully to counter-balance the decrease under cotton piece-goods.

Taxes on incomes were expected to yield 17·36 crores net, but the latest estimate of the net yield is 16·25 crores, or 110 lakhs less than was anticipated. With the salt duty at Re. 1-4 Government budgetted for a normal year's receipts, but experience showed that insufficient allowance had been made for the large accumulation of stocks which followed the reduction of the duty in March 1924. The net yield is now expected to be 6·40 crores, *i.e.*, 55 lakhs less than the original estimate of 6·95 crores. Opium, on the other hand, is expected to yield 48 lakhs more than the budget estimate. The Provincial Governments took over the stocks of excess opium in treasuries from the 1st of April 1925, and these proved to be higher by 24 lakhs than the Government of India had allowed for a year ago.

In framing the estimate of the receipts of the general budget from Railways, allowance was made for the fixed contribution of 5·09 crores together with an estimated receipt of 15 lakhs, representing $\frac{1}{3}$ of the excess over three crores expected to be transferred to the Railway reserve. The net earnings from Railways, however, were slightly higher than the original budget anticipated, so that Government's share in the surplus over 3 crores was increased by 8 lakhs and the total contribution from Railways is accordingly estimated at 5·32 crores.

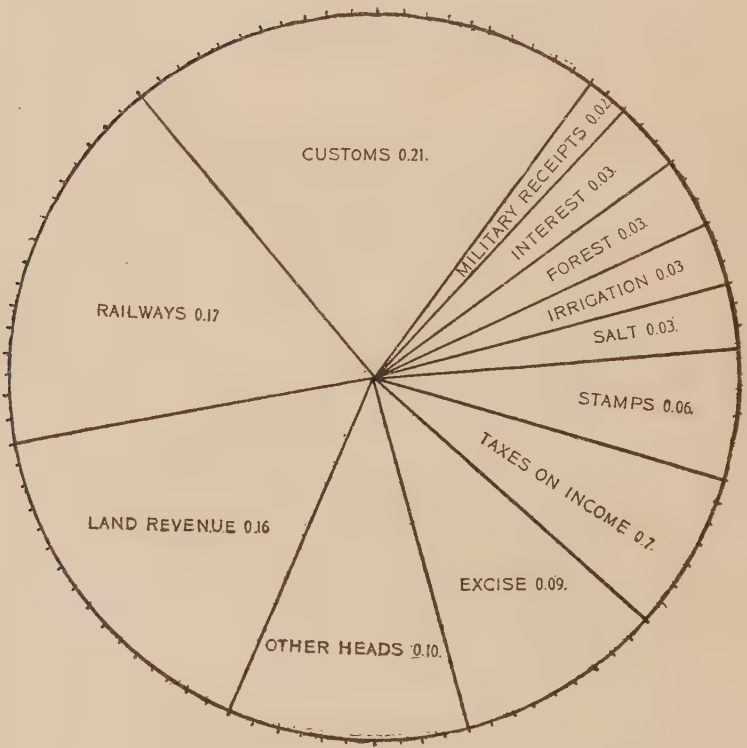
The budget estimates for 1925-26 under the head of Exchange were based upon the assumption that the average rate of exchange for the year would be 1*s.* 6*d.* However, for a great part of the year remittances were effected at the fixed figure of 1·6$\frac{3}{16}$, and the average rate of exchange is anticipated to work out at 1·6$\frac{3}{32}$ — this accounting to the extent of 10 lakhs for an improvement in the revised budget of revenue and expenditure. The largest item of expenditure in the Indian budget, Military Services, has not shown such large variations as in previous years. The latest figures point to a total net military expenditure of 56·28 crores, which differs very little from the original budget estimate of 56·25 crores. In Civil Expenditure, there was an excess of 35 lakhs to meet extra payments to cultivators in the United Provinces on account of the high outturn of the opium crop. Slight variations in regard to other civil expenditure, apart from Posts and Telegraphs, mostly cancel each other. In connection with the budget of 1925-26, the Finance Department introduced a system of making lump sum cuts over the total military and civil expenditure. The cut from the military expenditure amounted this year to 20 lakhs and that from the civil expenditure to 15 lakhs. The system is reported by the Finance Member to have operated satisfactorily, and the Civil Departments concerned, with two exceptions, kept their total expenditure within the reduced grants.

A notable financial event of the year under review was the establishment of the Provincial Loans Fund. This is of importance for two reasons. In the first place, it will subject to definite prin-

DIAGRAM No. 11.

How each Rupee of Revenue was made up in India 1924-25.

(Provincial and Central Together.)



The Rupee of Revenue 1924-25.

[The basis of reckoning is the same as that on which the accounts and estimates are prepared; working expenses of the Railway, Irrigation, Posts and Telegraphs Departments, refunds and the like being deducted from revenue and not treated as expenditure.]

ciples the borrowing of the Provinces, and in the second place, the scheme contains within itself the germs of a noteworthy development. Sir Basil Blackett, in explaining it to the Assembly, stated that he looked forward to the day when the Fund would be administered by an Indian body corresponding to the National Debt Commissioners and the Public Works Loan Commissioners in England, the money required for advances for the Fund being raised in the open market by the controlling body on the security of its own assets. Considerable benefits, he believed, would accrue to the finances of India if the advances made by the Central Government to the Provincial Governments could be excluded from the Public Debt of the Government of India in the same way as advances made on the guarantee of the British Treasury to public bodies in the United Kingdom are excluded from the British Public Debt. The real facts regarding the Public Debt in India would be more obvious, and the facilities for raising new capital would be widened if so large a portion of the money required for capital development of all kinds had not to be raised, as at present, by a single borrower, namely, the Government of India, on the sole security of the Indian revenues. During the year, provinces applied for advances from the Provincial Loans Fund to the extent of Rs. 11,74,64,000 out of which Rs. 9,82,64,000 were sanctioned.

Another important event was the issue of the Taxation Enquiry Committee's Report on February the 26th 1926. In November, 1923, at a conference between the financial representatives of the Provincial and Central Governments, a resolution was passed recommending the appointment of an expert committee on Taxation. The Committee was duly formed under the Presidency of Sir Charles Todhunter, a distinguished member of the Civil Service, with the following main terms of reference:—

(1) To examine the manner in which the burden of taxation is distributed at present between the different classes of the population.

(2) To consider whether the whole scheme of taxation—Central, Provincial and Local—is equitable and in accordance with economic principles, and, if not, in what respects it is defective.

(3) To report on the suitability of alternative sources of taxation.

The Committee issued a questionnaire in December 1924, and examined orally or in writing nearly 300 witnesses. In addition they received contributions from 81 private persons and associations, and numerous notes and memoranda on different aspects of their enquiry from the Government of India, Local Governments, the Central Board of Revenue and other bodies. The result of these exhaustive enquiries is a stout volume of nearly 450 printed pages, which is a store of valuable information and illuminating suggestions. Here, only its main recommendations, most of which were unanimous, can be discussed, but all who are interested in Indian economic and administrative problems will find themselves well repaid for any trouble which they take in reading this report.

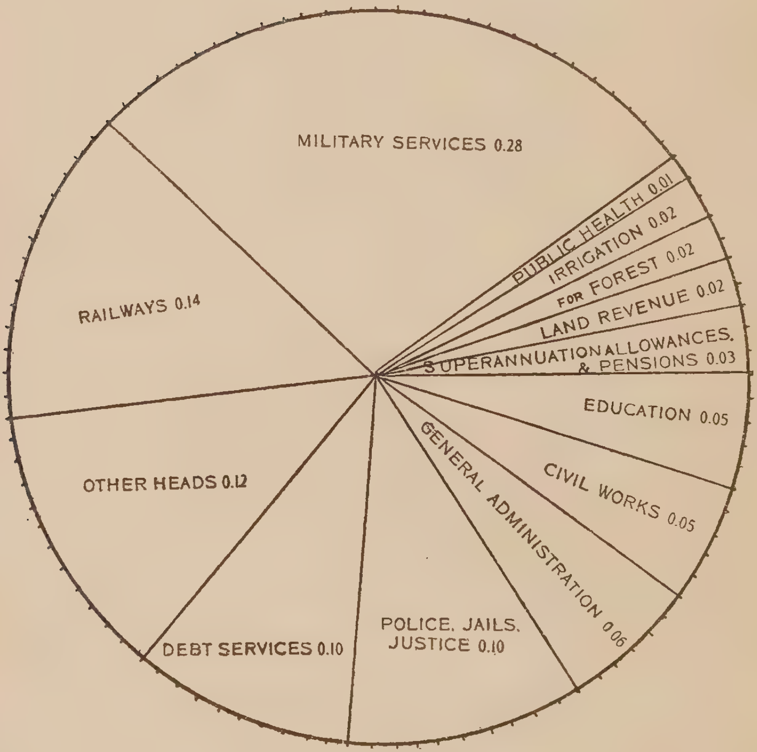
The Committee reported that the Land Revenue, which contributed 53 per cent. of the total receipts of Government forty years ago, now contributed only 20 per cent., whilst during the same period, the income from customs had increased from less than 3 per cent. to over 24 per cent., and that from Income-Tax, from just over 1¼ per cent. to 12½ per cent. These figures show that a revolution has taken place in the Indian fiscal system during these years, but, in the Committee's opinion, the changes which have occurred are healthy. Among the outstanding tendencies now at work, the Committee noted the growing strength of the demand for prohibition—the achievement of which would involve a loss of revenue greater than any which would accrue from any new proposals which could be brought forward—the policy of discriminating protection, and the abolition of the Cotton Excise Duty. With these in mind, the Committee suggest higher duties on liquors, a reduction in the customs duties on conventional necessities, especially sugar, in order to give relief to the poorer classes, the removal of the export duty on hides, and revision of the schedule of judicial stamps in the direction of reduction. The Customs Tariff should be surveyed periodically.

Important recommendations are made regarding Land Revenue. The Committee suggest that it be standardised, a reform which ought ultimately to result in a further reduction of the proportion borne by land revenue to total revenues. The Committee dismiss as impracticable proposals for the redemption of Land Revenue and the substitution of a tax on produce, and recommend that, for the future, the basis of settlement should be the annual value,

DIAGRAM No. 12.

How each Rupee of Expenditure was made up in India 1924-25.

(Provincial and Central Together.)



The Rupee of Expenditure 1924-25.

[For the basis of reckoning *vide* footnote to Diagram No. 2.]

i.e., the gross produce less the price of production, including labour, and suggest that the standard rate should be very low, not exceeding 25 per cent. of the annual value. This reduction in the proportion of Land Revenue to total revenues should be accompanied by an increase in local rates subject to a maximum of one-fourth of the total amount of the Land Revenue.

As substitutes for taxes removed or reduced, the Committee, among other suggestions, recommend the conversion of the super-tax on companies into a Corporation Profits Tax together with the abolition of the exemption limit. Holding companies should, however, be exempt from assessment to this tax on profits which represent the dividends of subsidiary companies. Regarding Income Tax, the Committee recommend a moderate increase in the rates applicable to incomes above ten thousand rupees, and propose the reduction of the limit for super-tax to thirty thousand rupees. An important suggestion in this connection is that the Central Government should continue to administer the Income Tax but should allocate a definite proportion of the receipts to the provinces. Other proposals relate to the enhancement of the excise duty on certain country-made liquors, the increase in license fees for fire-arms, proposals for taxing the tobacco trade and so on.

Dealing with local taxes, the Committee point out that octroi and terminal taxes are antiquated and unscientific, and advise the prohibition of the introduction of octroi in any municipality where the tax does not now exist. A cautious experiment is suggested in selected local areas for the imposition of a fee on registrations of marriages. It is proposed to give local bodies a share of the collections made by local Governments of ground rents in towns, and to increase taxes on non-agricultural land. Succession duties are held to be impracticable in India, but the Committee strongly recommend a duty on the lines of the English Estate duty and propose that legislation to legitimise it should be undertaken by the Central Government. The Committee also hold that there is no valid reason for the exemptions of agricultural incomes from taxation. The poorest cultivators should not be exempted from such taxation, but local authorities should spend more money on services affecting their well-being.

Discussing the machinery of taxation, the Committee's principal recommendation is that the authority of the District Collector be restored so as to enable him to act as the link between Imperial and Provincial and Provincial and Local Departments.

At the end of the Report are two chapters given up to a discussion of the division of the proceeds of taxation between the Central and Provincial Governments, but as these deal with material which is familiar to students of financial problems, there is no need to discuss their findings here. The Report is at present being considered by the Government of India.

The formation of a Currency Commission has already been noticed. At the time these pages are being written, the Commission is still continuing its enquiries. It is, therefore, not desirable to attempt to forecast any of its conclusions here. A subject on which the findings of the Currency Commission will be read with great interest, specially in view of the American evidence which it is taking, is the possibility of relating India more closely to the gold standard.

Intimately connected with the findings of the Currency Commission is the question of developments in Indian Banking, particularly developments in the scope of the Imperial Bank of India. The history and organisation of the latter were described in last year's report and need not therefore be now repeated. During the year under review it opened 24 new branches, thus completing its undertaking to the Government to open one hundred new branches within five years of its inception. The Imperial Bank now possesses 161 branches, not including 20 sub-agencies, etc., of which 75 are situated in centres where no other Joint Stock Bank is represented. But, as a writer in the " Economist " of March the 20th, 1926, points out, this is after all " only a beginning, and so small a beginning that it is calculated that there are still approximately five hundred towns in India with populations of 10,000 and upwards, which enjoy no modern banking facilities at all. The disadvantages are realised, but the practical difficulties hindering the establishment of a network of branches throughout the uncovered territory are not inconsiderable. Analysis of these difficulties suggests that the proposed Institute of Bankers in India, and the training of young Indians in Banking principles and methods, which such an organisation will ensure, cannot be brought into existence too quickly. The Imperial Bank is assisting in this direction and will be able to assist further as its own operations expand. Not all the young Indians it is training will remain in its

DIAGRAM No. 13.

General Statement of the Revenue and Expenditure charged to Revenue of the Central Government, in India and in England.

	For details *vide* Statement.	Accounts 1924-25.	Budget Estimate 1925-26.	Revised Estimate 1925-26.	Budget Estimate, 1926-27.
		R	R	R	R
REVENUE—					
Principal Heads of Revenue—					
Customs . . .	A	45,75,31,516	46,35,00,000	46,84,57,000	46,40,00,000
Taxes on Income .	,,	16,01,48,253	17,34,87,000	16,24,69,000	16,14,67,000
Salt . . .	,,	7,39,04,860	6,95,00,000	6,40,00,000	6,90,00,000
Opium . . .	,,	3,79,76,177	3,55,85,000	4,39,00,000	3,80,00,000
Other Heads . .	,,	2,06,93,150	2,23,14,000	2,19,05,000	2,25,43,000
TOTAL PRINCIPAL HEADS	..	75,02,53,956	76,43,86,000	76,07,31,000	75,50,10,000
Railways: Net Receipts (as per Railway Budget).		37,22,94,697	33,89,44,000	33,76,91,000	35,44,33,000
Irrigation: Net Receipts.	A	10,91,925	10,42,000	11,00,000	8,21,000
Posts and Telegraphs Net Receipts.	,,	1,11,25,087	68,11,000	68,38,000	45,52,000
Interest Receipts .	,,	3,41,00,265	3,60,44,000	4,03,19,000	3,47,11,000
Civil Administration .	,,	73,97,533	72,60,000	83,10,000	77,86,000
Currency and Mint .	,,	3,99,32,894	4,08,07,000	4,61,55,000	4,29,68,000
Civil Works . .	,,	13,21,263	10,18,000	11,62,000	9,98,000
Miscellaneous . .	,,	45,89,671	43,21,000	42,57,000	39,27,000
Military Receipts .	,,	4,03,11,659	4,01,17,000	3,85,89,000	4,29,79,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments.	,,	9,25,20,938	6,22,14,000	6,24,26,000	5,45,12,000
Extraordinary Items	,,	2,54,52,356	38,33,000	59,47,000	16,00,000
TOTAL REVENUE .		1,38,03,92,244	1,30,67,97,000	1,31,35,25,000	1,30,42,97,000
DEFICIT . .		..	..	..	..
TOTAL .		1,38,03,92,244	1,30,67,97,000	1,31,35,25,000	1,30,42,97,000

	For details, *vide* Statement.	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		R	R	R	R
EXPENDITURE—					
Direct Demands on the Revenues.	B	5,37,02,291	5,28,91,000	5,53,85,000	5,00,14,000
Salt and other Capital outlay charged to Revenue.	,,	17,31,744	32,93,000	10,44,000	10,20,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget).	,,	30,44,53,015	28,65,58,000	28,44,93,000	29,43,46,000
Irrigation . . .	,,	22,36,290	17,79,000	20,38,000	17,34,000
Posts and Telegraphs .	,,	30,87,854	—28,17,000	—1,04,53,000	86,01,000
Debt Services . .	,,	18,68,22,857	18,18,06,000	18,54,30,000	17,51,76,000
Civil Administration .	,,	10,12,59,043	10,97,98,000	10,75,27,000	11,45,30,000
Currency and Mint .	,,	71,41,079	73,47,000	71,94,000	78,24,000
Civil Works . .	,,	1,77,72,875	1,68,47,000	1,72,43,000	1,80,11,000
Miscellaneous . .	,,	4,35,31,861	4,01,91,000	4,51,88,000	3,96,31,000
Military Services .	,,	59,66,51,877	60,26,17,000	60,13,89,000	59,17,79,000
Miscellaneous adjustments between the Central and Provincial Governments.	,,	50,74,125	15,74,000	14,32,000	6,00,000
Extraordinary Items .	,,	1,01,635	25,00,000	25,77,000	5,00,000
TOTAL EXPENDITURE CHARGED TO REVENUE.		1,32,35,66,546	1,30,43,84,000	1,30,04,87,000	1,30,37,66,000
SURPLUS . .		5,68,25,698	24,13,000	1,30,38,000	5,31,000
TOTAL .		1,38,03,92,244	1,30,67,97,000	1,31,35,25,000	1,30,42,97,000

own service; some will go to the Co-operative and Land Mortgage Banks, others to Joint Stock Banks under Indian management which are certain to multiply as competent men become available, ensuring expert control ".

The report of the External Capital Committee, which was published during the year under review, contains a number of very valuable comments on this subject of Indian Banking. It points out that:—" India possesses a vast store of dormant capital awaiting development, and in order to make this available for investment, banking facilities must be increased and extended. The examination of the various technical measures suggested in the replies with this object in view, is outside the scope of the Committee, but we would emphasise the importance of a co-ordinated survey being undertaken at the earliest opportunity of the whole field of banking in India. This should be followed by a detailed examination by an expert committee or committees of the lines along which progress should be effected ".

Taking this paragraph as his text, Sir Basil Blackett gave an authoritative and very illuminating address on " Indian banking and monetary problems " to the Delhi University on November the 27th, 1925. He pointed out that the evils of the unproductive use of capital are not confined to the retardation of the economic development of a country. " Idle money " he said " means idle manhood. Capital newly invested in India's development means the opening of new avenues of employment and will go far to solve the problem of careers for Indian graduates. The new capital required must be mainly India's own capital, if only because the amount that can be safely borrowed from abroad, even if it were forthcoming, is strictly limited in amount. For a century and more India has been accustomed to rely mainly on external capital both for her governmental capital expenditure and for the development of her industrial resources. To some it may sound fantastic, in view of this historic habit, to talk of India's not only supplying the whole of her own capital requirements but also becoming a lender of capital for the development of other countries. Yet I believe firmly that, given the necessary development of banking and credit facilities and good will and readiness to profit by the counsel and assistance of European businessmen, the time is not very far distant when India will be doing both these things. India would seem by nature to be destined to be a creditor country, if only her people will it so."

Sir Basil pointed out that certain very significant changes in this direction had been taking place in India during the last 25 years. Indian capital has been steadily replacing external capital in commercial and industrial undertakings, and if, during the next ten years, instead of importing gold and silver bullion—which, as we saw in our discussion of the Police problem in India, is often locked up in an unproductive form—a sum, equivalent to what they have thus spent on the average during recent years, were devoted by Indians to buying up the stock and bonds of India's sterling loans, the whole of the external debt of the Government of India would be Indian-owned at the end of that period, and the interest paid out of the proceeds of Indian production, to holders of sterling debt, would all be going into the pockets of Indian stock-holders.

As a preliminary to the development of banking in India, the External Capital Committee recommended the collection of accurate and up-to-date information regarding the progress so far made in the development of banking organisation and credit facilities in India. Dealing with this point Sir Basil showed that in India separate banking legislation has been confined to Acts regulating the Presidency and Co-operative Banks and later the Imperial Bank. The indigenous system of banking in India has been largely left out, and the statistics available relate only to joint-stock or co-operative banks. The law relating to negotiable instruments has been codified in direct imitation of the English law, and possibly allows insufficient scope for the incorporation of indigenous instruments which for hundreds of years have been fulfilling the functions of negotiable instruments. " I am not aware " he said, " of any general review of the position that has been undertaken from the banking point of view with a view to popularising such negotiable instruments and adapting them to modern requirements. Finally, the question of banking education is one of the highest importance if an adequate supply of properly trained Indian bankers is to be forthcoming."

In concluding his address, Sir Basil said:—" The points which I would emphasise are, first, that an increase in the facilities for dealing in money is urgently desirable and may well be expected to lead to a rapid increase in the amount of capital now dormant which will become available for the many purposes of capital expenditure for which money is required in India; and secondly, that there are obvious, and, I am afraid, somewhat narrow limits within which alone Government action can contribute to a solution of the problems involved. Our main difficulty to-day is not to find useful avenues for the employment of capital, but the limitations on the supply of internal capital. It is no good framing large schemes for lending money or for spending money unless the money is there to be lent. The money is, I believe, in one sense there, but it is not available, as things are, in adequate volume because the habit of banking and the habit of investment are not sufficiently widespread in India. If the initiative of private persons in India, stimulated, encouraged, and assisted wherever possible by Government action can make even a proportion of the capital now unproductively used available for productive enterprise, we can look forward with confidence to a very rapid improvement in the general economic condition of India. Once the capital is directed into the right channels it will of itself seek profitable employment in the promotion of agricultural and industrial prosperity, with far-reaching results on the general standard of living, on the prospects of useful employment for University trained men, and on the economic and political progress of India as a whole.''

Of late years the Indian Government has tried to spread the saving habit among the Indian masses by starting the system of Post Office Cash Certificates. These Certificates were originally issued in 1917, and for a time were very popular. In 1923 the terms on which the certificates were issued were improved so as to offer a net yield of 6 per cent. By the beginning of 1926, however, this yield was so much higher than the market rate of interest that the Government had to reduce it slightly. It is to be hoped that this reduction in the yield of Post Office Cash Certificates will not adversely affect their popularity. There seems to be no truth in the charge that has sometimes been made that these certificates tend to check the growth of bank deposits, for, as Sir Basil Blackett stated in his budget speech on March the 1st, 1926, no truth has been more firmly established by the experience of all the countries which have adopted and extended the system of Cash Certificates, or corresponding securities, than that the general stimulus of saving and investing which they give reacts beneficially on all other forms of saving.

Reference was made above to the Report of the External Capital Committee. Indian business and banking circles have of late years not unnaturally betrayed some anxiety over the extent to which the development of Indian industries, railways, commerce, and the like is based on capital from foreign sources. The external Capital Committee was formed under the Chairmanship of Sir Basil Blackett towards the end of 1924, "to consider the question of the flow of capital into India from external sources." It found that restrictions on external capital were neither practicable nor desirable, but recommended a number of specific measures for encouraging increased investment of Indian capital. In many enterprises under British management, notably in the jute manufacture, it discovered that a majority of the shares were held by Indians and that this process of silent penetration was likely to continue. A number of factors, notably the relatively lower rate of taxation in India, the increasing availability of Indian capital, the effects of India's protective policy and the like, are making it more and more unlikely that new enterprises in India will either be financed or controlled entirely by non-Indians. The Committee pointed out that the increase in Government rupee loans from 145 to 358 crores, and the fact that the paid up capital of joint-stock companies had more than trebled between 1913-14 and 1923-24, showed that plenty of internal capital was available for industrial and commercial developments. For the needs of agriculture, the Committee held, the resources of the Co-operative Banks were inadequate although, according to the President of the All-India Co-operative Banks' Conference, their resources totalled 50 crores. The Committee reported that the various facilities afforded by Government to agriculture, either directly or indirectly require a co-ordinated examination so that they might be woven into the fabric of a general banking system.

In discussing the question of imposing restrictions on external capital, the Committee distinguished between different forms of the latter according to the extent to which it involved control over Indian industrial organisations and Indian natural resources. According to this criterion, capital is divided into three categories, namely:—

(1) Investments in which the external investor is merely entitled to a stipulated rate of interest and only acquires

rights of control when there is default, as in the case of State and municipal loans, bonds and debentures of private companies and bank loans.

(2) Investments in which the external investor enters into competitive business on equal terms with Indian enterprise, as in the case of cotton and other textile mills, mercantile houses and the like.

(3) Investments in which the external capitalist acquires special privileges or concessions of land which give him exclusive possession or exclusive rights of exploitation of particular portions of the natural resources of India.

As regards class (1) the Committee do not consider any measures of control necessary, but in the case of Government and *quasi*-Government loans, they add that the rate of interest should not be the sole consideration in placing such loans, and that other things being equal, preference should be granted to the Indian investor.

After careful consideration of the various devices suggested for imposing control, the Committee have come to the conclusion that restrictive measures would be either impracticable or disproportionately injurious to the Indian investor in cases falling under class (2). As regards cases where special privileges are involved, the committee reach the conclusion that where an investment carries with it the control of an undertaking, and Government grants particular concessions to the industry of which that undertaking forms part, it should exercise such control as will ensure that the benefit of the concession accrue primarily to the country. No discrimination can be applied where the concession is general, *e.g.*, a protective tariff; but the committee consider that definite pecuniary assistance, *e.g.*, a bounty, should not be given to an undertaking not already engaged in a particular industry unless (1) facilities are given for training Indians, (2) in the case of a public company, it has been formed and registered under the Indian Companies Act, 1913, its capital is expressed in the memorandum of association in rupees, and such proportion of the Directors as Government may prescribe consists of Indians.

There is one other financial development during the year which ought to be discussed before we turn to tariffs and commerce, and that is the somewhat technical subject of the separation of audit from accounts. This, indeed, has a far more than merely financial importance, for it bears directly on the great subject of Provincial Autonomy. Briefly, the separation of audit from accounts means that while the audit of provincial finances shall continue to be a function of the Central Government, the responsibility for the compilation of the Provincial Finance and Revenue Accounts shall be transferred to the Provincial Governments. The Muddiman Committee examined this measure in connection with the development of provincial autonomy in financial matters. In paragraphs 49 and 116 of its report the majority of the committee emphasised that the separation of provincial from central balances is an essential preliminary to any appreciable advance towards such autonomy, and in the latter paragraph it expressed its desire that the administrative steps necessary in order to pave the way for the advance should be taken. Sir Frederick Gauntlett, Auditor General, put this point clearly and concisely before the Muddiman Committee. " The recognition of a right to separate balances," he said, " almost necessarily seems to imply the recognition of a right to a larger degree of freedom from external financial control. Moreover, until a government has its own separate balances it cannot adequately realise the importance of financial consideration." Before the Muddiman Committee was formed, certain experiments had been undertaken in regard to the separation of accounts from audit and in item 43 of the summary of its recommendations the Committee advised that if the experiment showed that separation was feasible, and if it was also found possible to separate provincial from central balances, action should be taken in both these directions. The Minority of the Committee concurred in this recommendation. In the first paragraph of Chapter VII of its report it endorsed the view that the separation of balances must be the first big step in the development of autonomy.

The Government of India agreed with these views, but stated that it was necessary to proceed slowly and cautiously in such an important matter. Obviously the separation of audit from accounts must be effected before the provincial and central balances can be separated, for Provincial Governments cannot be entrusted with the control of their own finances until it is certain that a scheme can be evolved under which they will maintain their own accounts and take upon themselves the many domestic duties which are now performed for them by subordinates of the Auditor-General. Provincial autonomy can only be rudimentary so long as the local Governments exercise no control over the agency which compiles and audits their accounts. Yet, whilst the Secretary of State retains any sort of responsibility for the administration of provincial finances he must be assisted by an audit staff independent of the local Governments. For the present, therefore, advances in the direction of Provincial Financial Autonomy must be limited to devolving upon Provincial Governments the responsibility for the compilation of their accounts, and audit must remain central. During the year under review, the separation of audit from accounts has been tried in the United Provinces in the cases of two departments—Police and Education. The experiment has worked well, and from April 1st, 1926 the new system has been extended to all Departments of the Government of the United Provinces. There will be a number of separate pay and accounts offices each serving one or more departments, and for the whole province there will be a Chief Accounts Office controlled by the provincial Finance Department. The Chief Accounts Office will co-ordinate the work of the departmental offices, and its personnel will not be members of the Accountant-General's Department, which is a department of the Central Government, but will, if the experiment succeeds, be replaced by a permanent arrangement under which they belong to a Provincial Accounts Service and will thus be subject to control by the Local Government.

This system of departmental accounts offices is, of course, an adaptation of the English-system in which every Department has its "accounting officer." It will, no doubt, add something to the work and responsibilities of heads of departments, but these will be much more closely in touch with the state of their accounts than they have been hitherto, and when the members of the Provincial Accounts Service have been properly trained to their new duties they ought to be able to effect considerable economies in provincial expenditure. The system will, no doubt, be extended in time to other provinces. Experiments on the same lines are already being made relative to various departments of the Central Government.

It is well known that India recently joined the great majority of countries in having a protective tariff. In last year's report the genesis of this policy was described, and an account was given of the Indian Tariff Board, which is the advisory body to the Indian Government on matters connected with the application of the policy of discriminating protection to particular industries. During the year under review the Tariff Board considered the claims of several other Indian industries to protection, and whilst refusing it to some, they recommended it in the case of others.

For some time past the Indian Cement Industry had requested protection and in July 1925 the Tariff Board issued its report on this request. The main fact brought out by the Board was that the industry was suffering from over-production, with the result that the price of cement in India was governed not by the price at which it could be imported, but by internal competition among manufacturers in India. The Board found that so long as these conditions subsisted, there was no action that Government could usefully take to assist the industry. The Government of India accepted this finding. The Board, however, considered that it would not be long before conditions became stable and, with a view to removal of the handicap to which Indian cement is subject owing to the great distance of most of the factories from the coal-fields or the ports, recommended that legislation should be introduced authorizing the Government to pay bounties on cement consigned from Indian factories to certain ports or to railway stations within a specified radius of these ports. But they added a rider that the Act should not come into force until the Government was satisfied that the price of Indian cement in the ports was in such relation to the price of imported cement that the payment of bounties would not lead to a reduction in the price of Indian cement. The Government of India considered that there were objections of principle to such conditional legislation and accordingly decided to take no action on the report.

The Pioneer Magnesia Works, Bombay, claimed protection on the ground that since the war they had been unable to compete with magnesium chloride imported from Germany. After a full enquiry the Tariff Board held that as the Pioneer Works had failed to show that the magnesium chloride industry would eventually be able to dispense with extraneous assistance, they had failed to satisfy one of the conditions laid down by the Fiscal Commission for the grant of protection. The Government of India agreed with this finding.

An application was made to the Tariff Board by the Hoogly Ink Company, Limited, Calcutta, who are the only firm in India at present manufacturing printers' ink on a large scale. The Hoogly Ink Company claimed that, while imported printers' ink was subject to a duty of only 2½ per cent. *ad valorem*, the Indian manufacturer had to pay 15 per cent. *ad valorem* on the raw materials which he imported from abroad. They accordingly asked that they might either be exempted from the payment of the duty on imported materials, or that the duty on imported ink might be raised to 15 per cent. The Board were unable to agree on administrative grounds to the first alternative. With regard to the second alternative the Board found that the disability on local manufactures would, for all practical purposes, be removed by increasing the duty on printers' ink from 2½ per cent. to 5 per cent. The Government of India have accepted this conclusion and have given effect to it in the Tariff (Amendment) Act, 1926.

The investigation into the conditions of the Paper and Pulp Industries by the Tariff Board justified the hope that the manufacture of paper pulp and paper from bamboo could be successfully developed in India. The Board therefore recommended, firstly, the imposition of a protective duty of one anna per pound for a period of five years on certain classes of writing and printing paper which compete with the indigenous article, and secondly a loan or guarantee of debentures of about 10 lakhs to the Indian Paper Pulp Company to enable them to purchase more plant and so test the sulphite process on a commercial basis. They also proposed that similar financial assistance should be given to any mill which was prepared to test the soda process. In view, however, of the difficulty of obtaining adequate supplies of the raw material and of fuel in the same vicinity they held that the manufacture of paper from *sabai* grass was unlikely to prove a commercial success. They, therefore, rejected the claims for protection put forward by the mills using this process on the ground that there was little prospect of their ever being able to dispense with protection once it was given them.

The Government of India accepted the proposals of the Tariff Board so far as they related to enhancement of the duty on imported paper, but were not prepared to assist the industry by a loan or subsidy in the manner suggested. They were impressed by the fact that financial assistance of this nature could not be given to the industry as a whole, but would in fact place individual firms at an advantage in relation to their competitors. It was also felt that the privilege of monopoly attached to the patent rights of the soda and sulphite processes precluded the grant of assistance which could only be given to the owners of those rights. The Government of India, therefore, were unable to accept the Board's scheme in its entirety, but were of opinion that their object of establishing the industry on a firm basis would be best secured by extending the period of protection from five years proposed by the Tariff Board, to seven. They accordingly introduced a bill providing for the imposition until the 31st March 1932 of a protective duty of one anna per lb. on certain classes of printing and writing paper. This Bill was passed in the September Session of the Legislature.

The grant of further protection to the Steel Industry during 1925 has been already discussed in Chapter II and no further reference to it need be made.

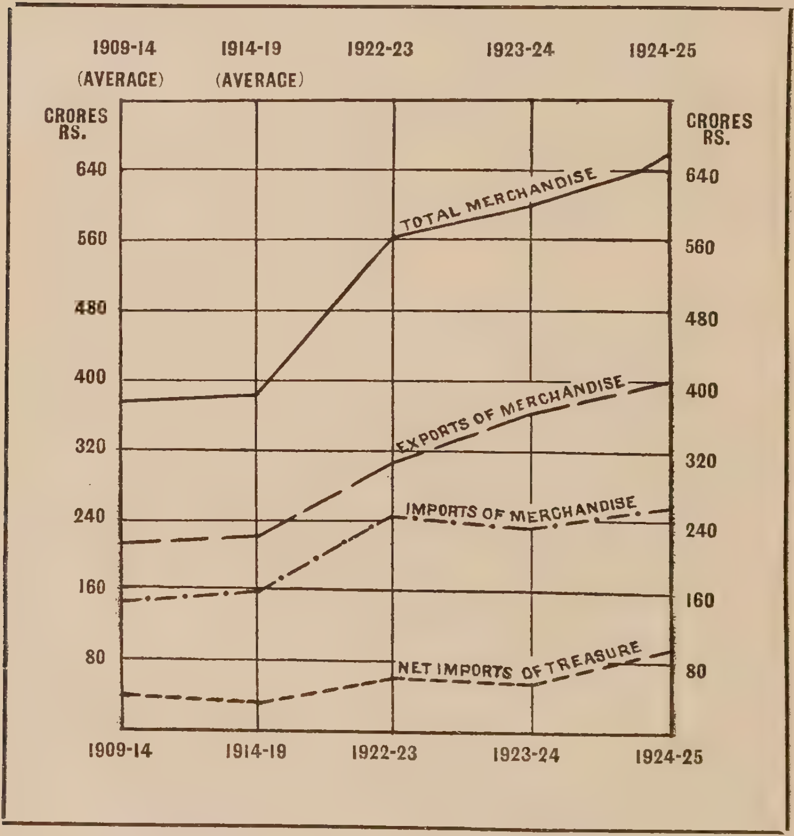
In March 1924, the Legislative Assembly adopted a Resolution recommending on economic grounds the imposition of a countervailing duty on South African coal imported into India. After examining the information available to them, the Government of India came to the conclusion that the principal cause of the depression of the coal industry in India was its inability to maintain its hold on neighbouring overseas markets such as Singapore and Colombo. With this end in view, therefore, they appointed an Expert Committee in September 1924 to consider what measures should be taken to stimulate the export of Indian coal from Calcutta to Indian and foreign ports. The Committee found that the paramount considerations were those of quality and price. In order to secure the former they recommended the establishment of a Coal Grading Board whose certificates would be accepted as a guarantee of the quality of the coal to which they related. This recommendation was accepted by Government. The necessary legislation in the shape of the Coal Grading Board Act, 1925, was passed in the Simla Session of the legislature and the Board was formally constituted on 20th January 1926. The Committee also recommended that the freight on certified export coal from the mines to Calcutta should be reduced by the grant of an increased rebate of 37½ per cent. on railway charges and a reduction of four annas per ton on the river

DIAGRAM No. 14.

The Foreign Sea-Borne Trade of British India.

During the last three years as compared with averages of the pre-war and war periods.

(Private and Government.)



dues. These recommendations have been accepted by the Railway Companies concerned and the Port Trust Authorities.

The year 1924-25 saw gradual progress towards stabilization in Europe, a progress which necessarily had important effects on Indian commerce, since Europe is India's greatest customer. In consequence, the year was one of records in the Indian export trade. The import trade improved also, but not to the extent which had been hoped. Stocks of Indian goods in foreign markets were low at the beginning of the year, demand was strong and there was a general rise in the sterling price of Indian exports, the rise in most cases being appreciably greater than the improvement in the sterling value of the rupee. After a period of weakness and recovery in the early part of 1924 the rupee improved to 1*s*. 6$\frac{9}{32}$*d*. by October 1924, and since then it has remained fairly steadily round about 1*s*. 6*d*. India has at the same time established her exports and a favourable trade balance on what seem to be permanent lines, and the broad conclusion must be that India's trade is now in a healthy condition. A good monsoon for the fourth year in succession led during 1924-25 to a large increase in the exportable surplus of crops, and the total figure of exports of merchandise rose from Rs. 363 crores to the unprecedented figure of Rs. 400 crores. The increase was largely in raw and manufactured jute and food grains. Imports of merchandise also rose from Rs. 237 crores to Rs. 253 crores, largely owing to increased importations of sugar and cotton piece-goods. In addition to the total exports of the year being a record, the exports during March constituted a record for any one individual month, namely Rs. 46 crores, and the exports during the last four months of the year reached the extraordinary figure of Rs. 166 crores, *i.e.*, 42 per cent. of the year's total. A very striking feature of the year was India's insatiable thirst for gold. It has always been her custom to liquidate favourable trade balances in bullion, and a fall in the price of gold to 9 per cent. below its pre-war level led to a record import of gold on private account amounting to Rs. 74$\frac{1}{4}$ crores as compared with Rs. 29$\frac{1}{4}$ crores in 1923-24. The average annual imports on private account in the pre-war period were Rs. 33 crores and during the war period Rs. 10$\frac{1}{2}$ crores. Importations of silver on private account also surpassed the previous year's record figure of Rs. 21$\frac{3}{4}$ crores and amounted to Rs. 24$\frac{1}{4}$ crores in 1924-25. Thus the total imports of gold and silver reached the high figure of over Rs. 98$\frac{1}{2}$ crores as compared with Rs. 51 crores in 1923-24. These large bullion importations are ascribable partly to the very large balance of trade in merchandise in favour of India, but more particularly to the fact that the rupee price of gold was lower than for many years past, and, in fact, lower than before the war.

Turning now to a more detailed examination of the year's trade we see that on the import side, cotton piecegoods increased by 337 million yards, or 23 per cent. in quantity, to 1,823 million yards, and by Rs. 12 crores, or 22 per cent. in value, to Rs. 69 crores. Grey goods rose by Rs. 5 crores, white goods by Rs. 4½ crores, and coloured goods by Rs. 2½ crores. The total value of the import trade in other articles (excluding cotton piecegoods) increased by over Rs. 6 crores or nearly 4 per cent. from Rs. 171 crores to Rs. 177 crores. The importations of sugar, including confectionery, increased by 53 per cent. in quantity from 476,000 tons to 729,000 tons and by 35 per cent. in value from Rs. 15½ crores to Rs. 21 crores. In iron and steel the quantity rose by 15 per cent. from 756,000 tons to 869,000 tons and the value by 6 per cent. from nearly Rs. 18 crores to Rs. 19 crores. Machinery and mill-work showed a further decrease in the year under review from Rs. 20 crores to Rs. 16 crores, owing chiefly to the small imports of textile machinery, and railway plant and rolling stock on private account also fell from Rs. 11¾ crores to Rs. 6 crores. Imports of hardware increased in value from Rs. 4½ crores to Rs. 5 crores, and motor cars also improved from Rs. 2 crores to Rs. 2⅕ crores. Imports of foreign coal showed a further decrease in the year under review from Rs. 1¾ crores to Rs. 1¼ crores. The value of imported provisions improved by over a crore of rupees to nearly Rs. 4 crores. Alizarine and aniline dyes increased in quantity from 16 million lbs. to 18¾ million lbs. and the value showed a small increase of Rs. 5 lakhs to Rs. 2,56 lakhs. Mineral oils rose by a crore of rupees to Rs. 9 crores. There were also increases in raw cotton from Rs. 2½ crores to Rs. 4¼ crores and in cotton twist and yarn from nearly Rs. 8 crores to Rs. 9⅔ crores, while instruments and apparatus decreased by Rs. 23 lakhs to Rs. 3,02 lakhs, and matches by Rs. 57 lakhs to Rs. 89 lakhs. In liquors there was a small improvement of Rs. 14 lakhs to Rs. 3,28 lakhs.

On the export side, the value of raw cotton exported decreased from Rs. 98 crores to Rs. 91 crores and the total value of raw and manufactured cotton fell from Rs. 110½ crores to Rs. 103 crores. Shipments of raw jute increased by 5 per cent. in quantity from 660,000 tons to 696,000 tons and by 45 per cent. in value from Rs. 20

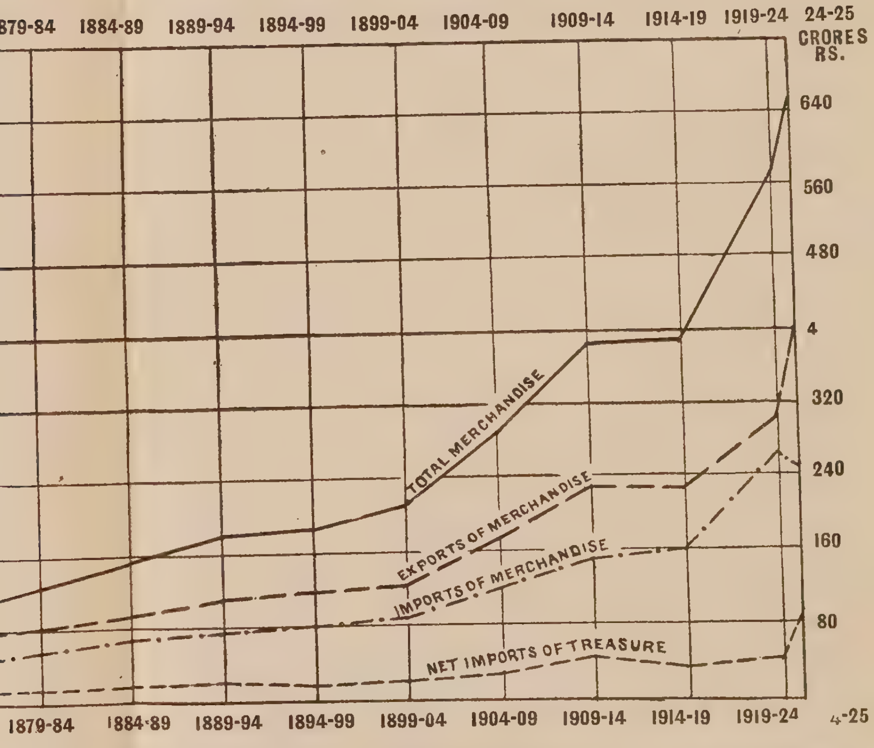
DIAGRAM No. 15.

ne Foreign Sea-Borne Trade of British India.

During the last 61 years 1864-69 to 1924-25.

Quinquennial averages.

(Private and Government.)



xports include both private and Government transactions. See Footnotes.

s are based on averages of 5 years.
ludes Imports and Exports, both private and Government.
e are inclusive of Government Stores.
se are inclusive of re-exports and Government Stores.
re are the imports minus the exports of gold and silver, both private and Government
cy notes from 1922-23. The exports of treasure are ordinarily very much less than the

crores to Rs. 29 crores. Gunny bags increased in number from 414 millions to 425 millions and gunny cloth from 1,349 million yards to 1,456 million yards. The value of the exports of jute manufactures, including twist and yarn, increased from Rs. 42 crores to nearly Rs. 52 crores and the total value of raw and manufactured jute rose from Rs. 62 crores to Rs. 81 crores. The value of grain, pulse, and flour exported, increased by 28 per cent. from Rs. 51 crores to Rs. 65 crores. Husked rice increased in quantity by 96,000 tons to 2·3 million tons and in value by over Rs. 2 crores to Rs. 37 crores. Shipments of wheat also considerably increased from 638,000 tons valued at Rs. 9 crores to 1,112,000 tons valued at Rs. 17 crores. Exports of tea increased in quantity by 1⅓ million lbs. to 340 million lbs. and in value by Rs. 1¾ crores to Rs. 33 crores. Oilseeds also increased from nearly Rs. 30 to Rs. 33 crores, while lac fell from Rs. 9 crores to Rs. 7½ crores. Raw hides and skins showed a small decrease in value from nearly Rs. 7 crores to Rs. 6¾ crores, while dressed hides and skins improved from nearly Rs. 6 to over Rs. 7 crores.

A close examination of the export and import trade of India during 1924-25 presents some features of interest. As in previous years, cotton manufactures were easily the most important item in India's import. The good American cotton crop of 1924 shortened prices, and rates fell to a more reasonable level in August and September when fairly large orders for piecegoods were placed. The value of the imports of cotton manufactures increased to Rs. 82 crores as compared with Rs. 67 crores in the previous year. Thus in 1924-25 cotton manufactures represented 33 per cent. of the total import trade, piece-goods showed an increase of Rs. 12½ crores, and twist and yarn of Rs. 1¾ crores, a considerable increase over the imports of the previous year. The increase in twist and yarn was mainly due to larger imports from Japan which rose from Rs. 2,85 lakhs to Rs. 4,59 lakhs, while the value of the imports from the United Kingdom fell from Rs. 4,61 lakhs to Rs. 4,55 lakhs. The average declared value per lb. showed a small decrease from Re. 1-12-6 in 1923-24 to Re. 1-11-8 in 1924-25. There was a marked increase in the production of the Indian mills during the year, which rose by 102 million lbs. to 719 million* lbs. Formerly Japan competed with Indian mills mostly in the lower counts of yarn, but recently she has turned her attention increasingly to the higher counts, leaving the low count trade to Indian mills and competing more with Lancashire in the finer yarns, a trade in which the Indian mills are also increasing their competition. The imports from the United Kingdom fell from 21¾ million lbs. or 48 per cent. of the total import to 20¾ million lbs. or 37 per cent.

The imports of cotton piecegoods, including fents, increased by 23 per cent. in quantity from 1,486 million yards to 1,823 million yards and by 22 per cent. in value from Rs. 57 to Rs. 69 crores. All the three important classes of piece-goods showed increases. Grey goods rose by 141½ million yards or 20 per cent. in quantity from 704 million yards to 845½ million yards, white goods by 133½ million yards or 32 per cent. from 415 million yards to nearly 549 million yards and coloured goods by 59½ million yards or 17 per cent. from 348 million yards to 407 million yards. The value of grey goods imported was Rs. 28½ crores and of white and coloured goods Rs. 20 crores, each, as compared with Rs. 23, Rs. 15½ and Rs. 17½ crores in the preceding year. The production of cotton goods also increased, grey and bleached piece-goods showing an increase of 15 per cent. and coloured piece-goods of 17 per cent.

The imports of grey goods from the United Kingdom increased by 21 per cent. in quantity and 25 per cent. in value from 600 million yards valued at Rs. 19 crores to 727 million yards valued at Rs. 24 crores. Japan increased her shipments by 13 per cent. in quantity and 12 per cent. in value from 97 million yards valued at Rs.3⅔ crores to 110 million yards valued at Rs. 4 crores. The United States of America supplied 2½ million yards, as compared with one-half million yards in 1923-24. In white (bleached) goods 97 per cent. of the total imports came from the United Kingdom and her shipments rose from 403 million yards valued at Rs. 14½ crores to 533 million yards valued at over 19 crores. The Netherlands, Switzerland, and Japan also increased their supplies. In coloured goods British shipments increased from 304 million yards valued at Rs. 15 crores to 338½ million yards valued at Rs. 16½ crores. Japan also increased her supplies of coloured goods from 23½ to 41 million yards and Italy from 5½ to 9½ million yards. The Netherlands and Switzerland showed small decreases while imports from the Straits Settlements and Germany improved.

Sugar, which in the preceding two years had fallen back to fourth place in India's import trade, ranked second in order of importance in the year under review coming next to cotton manufactures. The total value of all kinds of sugar including molasses and confectionery increased by 35 per cent. from Rs. 15½ crores to Rs. 21 crores. The imports of sugar, refined and unrefined, excluding molasses and confectionery, increased by 63 per cent. in quantity, from 411,500 tons to 671,000 tons, while the value rose by 38 per cent. from Rs. 14,78 to Rs. 20,37 lakhs, the smaller increase in value being due to lower prices. The imports of Mauritius sugar were the largest on record since the pre-war year 1913-14 and Java sugar also showed a considerable increase. Java accounted for 72 per cent. of the total quantity imported as compared with 90 per cent. in the preceding year and Mauritius raised her share to 20 per cent. from less than one-half per cent. in 1923-24.

Third in the order of importance of Indian imports are iron and steel. Manufactured iron and steel imported during the year under review (excluding pig and old iron or steel) increased by 16 per cent. in quantity from 746,000 tons to 864,000 tons and by 6 per cent. in value from Rs. 17,86 lakhs to Rs. 18,88 lakhs. Galvanised sheets, which were as usual almost entirely from the United Kingdom, accounted for nearly one-third of the total value of the imports of all iron and steel. The import of tin plates decreased owing to the increased production in this country of the Tinplate Company. Belgium and Germany largely increased their supplies of sheets and plates, not galvanised or tinned, whilst British supplies fell off by nearly 25 per cent. A general review of the imports of iron and steel into India during the year shows that imports from the United Kingdom increased by 2 per cent. but her share in the total quantity imported fell by more than 6 per cent. to 50·5 per cent. Belgium increased her supplies by 26 per cent. and her share rose from 28·7 to 31·4 per cent. Imports from Germany also increased and her share improved from 8 to 10 per cent. The combined share of Belgium and Germany was 41·5 per cent. as compared with nearly 37 per cent. in 1923-24 and in 1913-14. The share of the United States further decreased from 2·4 to 2 per cent., which is less than the share (2·2 per cent.) which she had in the pre-war year.

In the three preceding years, machinery and mill-work ranked second in order of importance in India's import trade but in the year under review there was a considerable fall in the importations and this head fell back to fourth place. The total imports of machinery of all kinds, including belting for machinery and printing presses during the year 1924-25 decreased to Rs. 16 crores as compared with Rs. 20 crores in 1923-24 and Rs. 24 crores in 1922-23. Cotton mill machinery alone accounted for a decrease of 2·92 lakhs, nearly three-quarters of the total fall in the trade. This was owing to the depression in the cotton mill industry in the Bombay Presidency. Jute mill machinery also showed a further fall owing mainly to lack of new extensions, while as a result of the prosperity of the industry, tea machinery recorded a further considerable increase.

The value of all textile machinery imported decreased by 47 per cent. from Rs. 7,20 to Rs. 3,81 lakhs, of which Rs. 3,61 lakhs or 95 per cent. came from the United Kingdom as compared with Rs. 7,04 lakhs or 98 per cent. in the preceding year. Cotton mill machinery decreased from Rs. 5,60 to Rs. 2,68 lakhs, of which cotton spinning machinery was valued at Rs. 1,51 lakhs and cotton weaving machinery at Rs. 69 lakhs as compared with Rs. 97 and Rs. 1,11 lakhs in 1923-24. Jute manufacturing machinery decreased from Rs. 1,37 lakhs to Rs. 93 lakhs, and wool manufacturing machinery from Rs. 11 to Rs. 6 lakhs. The value of electrical machinery imported amounted to Rs. 2,02 lakhs, as compared with Rs. 2,22½ lakhs in 1923-24. The decrease was mostly in motors which fell from Rs. 72 to Rs. 40 lakhs in 1924-25. The United Kingdom sent electrical machinery valued at Rs. 1,77 lakhs, an increase of Rs. 13 lakhs over 1923-24, while the United States of America reduced her supplies from Rs. 41 to Rs. 15 lakhs. Prime movers (other than electrical) fell from Rs. 2,02 to Rs. 1,86 lakhs, of which steam engines decreased from Rs. 87 to Rs. 68 lakhs, while oil-engines rose by Rs. 11 lakhs to Rs. 1,10 lakhs. There were also decreases in boilers from Rs. 99 to 72 lakhs, in metal working machinery from Rs. 52 to Rs. 37 lakhs, and oil-crushing and refining machinery from Rs. 38 to Rs. 31 lakhs. Imports of mining machinery (other than coal) increased from Rs. 95 to Rs. 1,19 lakhs, while coal mining machinery fell from Rs. 13 to Rs. 7 lakhs. Rice and flour mill machinery (Rs. 28 lakhs), saw-mill and wood working machinery (Rs. 14 lakhs), sugar mill machinery (Rs. 17 lakhs), and tea machinery (Rs. 46 lakhs), all showed increases as compared with the preceding year.

The imports of mineral oils into India from foreign countries again increased in the year under review, the total quantity imported rising by 18 million gallons from 169 to 187 million gallons. The imports of petrol from abroad are insignificant, almost all the consumption in India being indigenous oil. More than 38 per cent. of the total quantity imported consisted of kerosene oil, 48 per cent. of fuel oil, and 11 per cent. of lubricating oils. Kerosene increased by 3 million gallons, fuel oils by 10 million gallons and lubricating oils by 4½ million gallons. Seventy-two million gallons of kerosene oil were imported in 1924-25 as compared with 69 million gallons in 1923-24. The total quantity was 5 million gallons larger than the average annual imports in the pre-war quinquennium. The average declared value per gallon showed a small increase, in sympathy with the rise in the world's price of crude oil, from 10 annas 3 pies in 1923-24 to 10 annas 8 pies, and the total value of the imports increased by 8 per cent. from Rs. 4,42 to Rs. 4,77 lakhs. Fifty-four million gallons or 75 per cent. of the imports came from the United States as compared with 46½ million gallons or 67 per cent. in 1923-24. Almost the entire quantity of case oil imported into India (nearly 4 million gallons) came from the United States and over 50 million gallons of bulk oil.

The steady increase in the consumption of liquid fuel by railways, steamships, and industrial concerns, is reflected in the figures of importations. Imports of fuel oils in 1919-20 amounted to 34 million gallons, to 62½ million gallons in 1922-23, to 80½ million gallons in 1923-24, and in the year under review they reached the record figure of 90 million gallons, valued at Rs. 1,84½ lakhs, of which 77⅔ million gallons or 86 per cent. came from Persia as compared with 60 million gallons or 75 per cent. in 1923-24.

The value of the imports of railway plant and rolling stock on private and Government accounts combined, decreased to Rs. 7,37 lakhs (Rs. 6,08 lakhs private and Rs. 1,29 lakhs Government) in 1924-25 as compared with Rs. 14,00 lakhs (Rs. 11,72 lakhs private and Rs. 2,28 lakhs Government) in 1923-24. The average value of the imports during the pre-war quinquennium was Rs. 8,91 lakhs. Imports of all descriptions fell, the most noticeable decrease occurring under carriages and wagons and locomotive engines and tenders. Imports from the United Kingdom were markedly reduced from Rs. 13,25 to Rs. 6,41 lakhs, while those from Germany increased from Rs. 6 lakhs to Rs. 18½ lakhs. Imports from Belgium increased from Rs. 26 to Rs. 30 lakhs and those from the United States from Rs. 17½ to Rs. 19 lakhs.

Raw silk increased by nearly 4 per cent. in quantity, or 1,365,000 lbs. to 1,414,000 lbs. but the value was Rs. 119 lakhs, about the same as in the preceding year. Siam and Japan increased their supplies whilst imports from China fell off slightly. The quantity of silk piece-goods, the most important description of manufactured silk imported, increased by 14 per cent. from 14,087,000 lbs. to 16,128,000 lbs. and the value by 1 per cent. from Rs. 2,30 lakhs to Rs. 2,33 lakhs. 98 per cent. of the total quantity came as usual from China and Japan. There was a noticeable increase in the imports of artificial silk yarn from 406,000 lbs. valued at Rs. 19½ lakhs to 1,171,000 lbs. valued at Rs. 42 lakhs. The United Kingdom and Italy considerably increased their supplies from 247,000 lbs. and 77,000 lbs. to 703,000 lbs. and 393,000 lbs. respectively. The yardage of piece-goods of cotton and artificial silk imported, almost doubled from 8,555,000 yards to 17,030,000 yards and the value rose from Rs. 1,04 to Rs. 1,76 lakhs. The United Kingdom supplied 8 million yards or 48 per cent. of the total quantity imported, Italy 5 million yards or 29 per cent. and Switzerland 2 million yards or 12 per cent. as compared with 4½ million yards, 2½ million yards and nearly one million yards, respectively, in the preceding year. Germany, Belgium, Czechoslovakia and Austria also increased their supplies.

The total value of the imports of all sorts of hardware showed an increase of Rs. 57 lakhs or 13 per cent. from 4,42 lakhs in 1923-24 to Rs. 4,99 lakhs in 1924-25. The most important increases were metal lamps and builders' hardware. Agricultural implements and other implements and tools fell off slightly. In the total imports of hardware Germany improved her position from 20 to 27 per cent., while the share of the United Kingdom fell from 47 to 40 per cent. The share of the United States remained at 16 per cent. while Japanese supplies fell off by 1 per cent. to 5 per cent. of the total.

Since 1921-22 the imports of motor vehicles have steadily increased and the number of cars imported in the year under review amounted to 9,380 as compared with 7,984 in 1923-24, 4,324 in 1922-23 and 2,895 in 1921-22. Although the quantitative increase was 17 per cent., the increase in value was only 7 per cent., Rs. 2,20 lakhs in 1924-25 as compared with Rs. 2,05 lakhs in 1923-24. This was due to low prices all round. Of the total imports 42 per cent. came from Canada, 33 per cent. from the United States, and 18 per cent. from the United Kingdom, as compared with 41, 36 and 13 per cent. respectively, in the preceding year. The United Kingdom has steadily improved her position during the past three years. The number of motor cycles imported increased in the year under review by 23 per cent. from 1,182 to 1,456, and the value of the imports by 4 per cent. from Rs. 9,25,000 to Rs. 9,66,000. The United Kingdom increased her supplies from 831 (70 per cent.) to 1,201 (82 per cent.), the United States reduced her shipments from 228 (19 per cent.) to 180 (12 per cent.), and Germany supplied 9 as compared with 63 in 1923-24. The number of motor omnibuses, vans and lorries imported more than doubled from 1,044 to 2,162, while the value increased by 55 per cent. from Rs. 25 lakhs to nearly Rs. 39 lakhs. Canada supplied 1,225, the United States 782, and the United Kingdom 100, as compared with 599, 352, and 61 respectively in the preceding year.

Among miscellaneous headings, perhaps the most interesting item is the continued revival of trade in paper and pasteboard recorded during the preceding two years. Germany's share in this trade has steadily increased since the end of the war and it now exceeds her pre-war share by 4 per cent. The share of the United Kingdom decreased in the year under review, while those of Austria and the United States improved.

Imports of foreign coal again decreased in the year under review by 24 per cent. in quantity from 592,000 tons to 448,000 tons and by 28 per cent. in value from Rs. 1,66 to Rs. 1,20 lakhs. The Union of South Africa reduced her supplies by 72,000 tons to 202,000 tons, Portuguese East Africa by 51,000 tons to 118,000 tons, and Australia by 47,000 tons to 14,000 tons, while the United Kingdom increased her shipments from 79,000 tons to 107,800 tons. The decrease in foreign coal is attributable partly to the increased consumption of Bengal coal on the Bombay side and partly to the growing use of fuel oils by steamers, railways and industrial concerns.

Turning now to the export trade of India, we notice that, as in previous years, cotton occupies a principal position. The Indian cotton crop in 1924-25 was estimated at 6,072,000 bales (400 lbs.) as compared with 5,161,000 bales in 1923-24 and 5,073,000 bales in 1922-23. The estimated area of the crop increased by 12 per cent. to 26,465,000 acres. A feature of the year was the excellent crop of Broach cotton, excellent both in quantity and quality. The American crop of 1924 was the largest since 1914, in fact the fourth largest in history, and it was estimated at 17,035,000 bales as compared with 12,675,000 bales in 1923 and 12,203,000 bales in 1922. The fall in American cotton prices which was in progress at the end of 1923-24 continued, save for a sharp but temporary reaction to 19·42*d*. (Middling American) in April 1924. Thereafter fluctuations were considerable but, as it became evident that the 1924 crop would be a good one, there was a steady fall to a much lower range of values. Indian prices fell in sympathy with American, as usual, but the Bombay market neither followed the American market in its rapid fluctuations nor did Indian cottons fall proportionately so much as American. This lessening of the margin between American and Indian cotton prices combined with the heavy fall in the former led to a much reduced demand from the Continent for Indian cotton. The quantity of raw cotton exported from India showed a decrease of 12 per cent. from 3,764,000 bales to 3,326,000 bales and the value fell by 7 per cent. from Rs. 98 to Rs. 91 crores. The value represented 24 per cent. of the grand total value of all Indian merchandise exported during the year, as compared with 28 per cent. in 1923-24 and 24 per cent. in 1922-23. Japan increased her share from 46 per cent. of the total quantity exported in 1923-24 (1,722,000 bales valued at Rs. 42,62 lakhs) to 50 per cent. of the total quantity exported in 1924-25 (1,671,000 bales valued at Rs. 45,88 lakhs). Shipments during the fiscal year to the Continent of Europe fell from 1,402,000 bales valued at Rs. 38,31 lakhs to 1,139,000 bales valued at Rs. 31,14 lakhs. All the continental countries took less with the exception of Spain. Italy was the next largest consumer after Japan. She took 485,000 bales valued at Rs. 13,50 lakhs as compared with 551,000 bales valued at Rs. 14,96 lakhs in 1923-24. The United Kingdom reduced her purchases from 290,000 bales valued at Rs. 8,57 lakhs to 162,000 bales valued at Rs. 4,53 lakhs. Actual spinners' takings in the United Kingdom for the 12 months ending July 31st 1925, were 217,000 bales as compared with 268,000 bales for the previous year, the great fall in the price of American cotton having given a setback to the growing popularity of Indian cotton in the United Kingdom.

Exports of cotton yarn established a new low record decreasing in the year under review to 36½ million lbs. as compared with 38½ million lbs. in 1923-24 and the pre-war average of 193 million lbs. India's export trade in yarn to China is being speedily lost as the trade is now passed to local mills, particularly Japanese mills round Shanghai. Shipments to China and Hongkong during the year amounted to only 14½ million lbs. as compared with 20¾ million lbs. during the previous year and a pre-war average of 170 million lbs.

The exports of cotton piece-goods increased in quantity by 17 million yards to 182 million yards and in value by Rs. 23 lakhs to Rs. 6,86 lakhs. Grey and bleached piece-goods increased by 10 million yards to 45 million yards as compared with 35 million yards in the preceding year and 44 million yards in the pre-war year. Coloured goods rose by 6 million yards to 136 million yards. The exports of coloured piece-goods have trebled since 1913-14. Mesopotamia and Persia, the two largest purchasers of Indian piece-goods increased their demands and took 49 and 33 million yards, respectively, as compared with 41 and 27½ million yards in the preceding year. Bombay, as usual, had the bulk of the trade and accounted for nearly 79 per cent. of the total exports while Madras had about 21 per cent. of the trade as compared with 76 and 23 per cent. respectively in 1923-24.

Jute and jute manufacture are second in importance to cotton in India's export trade. Exports of raw jute increased by 5 per cent. in quantity from 3,696,000 bales to 3,898,000 bales, while the value on account of higher prices showed an increase of 45 per cent. from Rs. 20 crores to Rs. 29 crores. Germany is now the largest purchaser of raw jute and took during the year under review 27 per cent. of the total quantity exported. The United Kingdom came next with the purchase of 25 per cent. of the total quantity. Spain, France, Japan and China took more than in 1923-24, whilst the United States of America, Italy, Belgium, Brazil and the Netherlands took less. The figures of jute exports reveal some significant facts. Out of smaller exports than before the war Germany took 140,000 bales more, and the Continent, excluding Germany, took 183,000 bales more, while the United Kingdom took 724,000 bales less. The differences between the prices of the raw material in 1924-25 and 1913-14 were very much less than the corresponding differences between the prices of the manufactured goods. These figures suggest that in this trade Dundee's manufacturing costs are distinctly higher per unit of output than on the Continent or in India. Moreover, throughout the year under review, while Dundee and Calcutta mills were working short-time, Germany was working full-time six days a week with three daily shifts. The tendency for more jute to be consumed in Indian mills and gradually less to be exported has been commented upon in previous reviews, and in this connection the increases in Indian exports of manufactured jute goods are of interest. As already mentioned these amount to 15 per cent. greater than before the war in the case of bags and 37 per cent. greater in the case of cloth.

As in the three preceding years Indian jute mills continued the short-time working of fifty-four hours per week, and a supplementary agreement was entered into on February 29th, 1924, whereby, with the exception of an aggregate of some 1,200 looms that were in course of erection or had already been erected, all mills agreed not to add to productive machinery as long as the short-time agreement continues in force. Up to this time the expansion of looms had been continuous. In 1901 there were 15 thousand looms, 32 thousand in 1910, 40 thousand in 1920, 48 thousand in 1924, and 49 thousand at the beginning of 1925.

The exports of grain, pulse and flour in 1924-25 showed an increase of 24 per cent. in quantity and 28 per cent. in value as compared with the preceding year, but the quantity was still 3 per cent. below the average annual shipments, in the pre-war quinquennium. The total exports amount to 4,260,000 tons valued at Rs. 65 crores, as compared with 3,429,000 tons, valued at Rs. 51 crores in 1923-24 and a pre-war average of 4,411,000 tons, valued at Rs. 46 crores. The important increases, as compared with 1923-24, were in wheat (+474,000 tons or 74 per cent.), cleaned rice (+96,000 tons or 4 per cent.) and barley (+280,000 tons or 166 per cent.). The important crops are rice and wheat. Rice accounted for 54 per cent. of the total quantity of food grains and flour exported, wheat and wheat flour 28 per cent., barley 10 per cent. and the pulses (lentils, gram, etc.), 7 per cent. As before, Germany was the largest purchaser of rice, taking ·409 million tons as compared with ·414 million tons in 1923-24 and the pre-war average of ·345 million tons.

The total exports of wheat showed a considerable rise over the previous year from 638,000 tons to 1,112,000 tons. The outstanding feature of the year was a considerable demand from Europe particularly from the United Kingdom for Indian wheat on account of the fears of a serious world shortage. After three excellent wheat harvests, the granaries of Northern India were full and there was an ample surplus for export, but it is clear now that Indian consumption of wheat is appreciably greater than before the war and there will have to be exceptionally large supplies and very tempting prices before the pre-war average of 1,308,000 tons is reached again. The United Kingdom took 754,000 tons or 68 per cent. of the total quantity exported as compared with 492,000 tons in 1923-24. The quantity of other food grains exported increased from 527,000 tons to 770,000 tons mainly owing to larger shipments of barley and gram. Exports of beans and lentils were reduced.

The total exports of tea during 1924-25 amounted to 340 million lbs. valued at Rs. 33⅓ crores. The total quantity of tea shipped rose by less than ½ per cent. over the quantity shipped during the preceding year but the increase in value was over 5 per cent. Nearly 88 per cent. of the total quantity shipped went to the United Kingdom, from which 38 million lbs. were re-exported to the Irish Free State, the Continent of Europe, the United States of America, and Canada. There was a vigorous and optimistic advertising campaign in the United States of America and that country's consumption of Indian tea was somewhat greater in the year under review than in either of the preceding years. But it is too early yet to regard this as a stable improvement as at the same time that country markedly reduced her total consumption of tea.

In the year under review the exports of oil-seed ranked fifth in order of importance but were very little behind tea. The most noticeable feature of the year's trade was the large increase in the shipments of ground-nuts. Linseed, castor and cotton seed also showed improvement while rapeseed decreased. The crop of ground-nuts of 1924-25 was estimated at 1,450,000 tons, an increase of 34 per cent. over 1923-24. The exports during the year under review increased in quantity by 46 per cent., from 257,000 tons to 376,000 tons and in value by 48 per cent. from Rs. 719 lakhs to Rs. 1,067 lakhs. All the importing continental countries increased their purchases. France, as usual, was the best customer, taking 53 per cent. of the total quantity shipped; Germany took 11 per cent., the Netherlands 10 per cent., the United Kingdom 9 per cent. and Spain and Italy about 6 per cent. each. An important factor in the linseed market during the past few years has been the demand for linseed oil in the United States of America for the manufacture of linoleum and oilcloth. The Argentine and India are the chief world's suppliers and in size of crops they rank in that order. In 1923 the United States took large quantities of the Argentine crop thus leaving Europe to draw her supplies to an increased extent from India. In 1924 the North American crop was 998 thousand tons as compared with 606 thousand tons in 1923 which left considerable supplies from South America free for European markets. Consequently India lost ground relatively to the Argentine in the markets of the United Kingdom and France, as compared with 1923, though she retained her position as compared with the pre-war average. She improved her position, however, in the smaller markets of Italy and Australia.

The exports of raw hides and skins amounted to 47,700 tons valued at Rs. 6,77 lakhs as compared with 48,900 tons valued at Rs. 6,93 lakhs in 1923-24 and 45,700 tons valued at Rs. 5,71 lakhs in 1922-23.

Raw hides represented 61 per cent. of the total quantity of raw hides and skins exported, and increased from 27,900 tons valued at Rs. 2,85 lakhs to 29,200 tons valued at 3,31 lakhs.

The chief demand for Indian raw hides has always been in Central Europe, particularly Germany, and in Austria, Italy, and Spain, but the latest reports received from those countries are not very encouraging. The present position seems to be that with the increased consumption of meat there are considerable supplies of domestic hides at prices so low that there is little inducement for the hides available in India to be brought down from the interior to the ports. This situation has reacted to the advantage of Indian tanners who are now in a position to select their hides and still pay prices for them distinctly above the prices at which those grades could be exported to Europe. At the same time, also, concomitant with the rise in the standard of living in India there is a noticeable increase in its consumption of leather, particularly for footwear but also for water bags, harness, etc.

Seventh in order of importance in India's export comes lac, of which practically the only other source of supply is Siam and the Straits Settlement. The exports of seed lac and stick lac have grown enormously during the past three years from 7,631 cwt. in 1922-23 to 41,623 cwt. in 1924-25. Of the shipments in 1924-25, 90 per cent. of the seed lac and 25 per cent. of the stick lac went to the United States of America.

Of other commodities, the total quantity of ores exported decreased further during the year under review, chiefly owing to smaller exports of Manganese ore, which accounted for 93 per cent. of the total export as compared with 95 per cent. in the preceding year. Exports of Rubber, Coffee and Oilcake increased slightly whilst the exports of opium fell in quantity by almost 50 per cent.

of the previous year's total, all countries except Persia receiving smaller supplies.

The most important places in India's foreign trade are held by the United Kingdom and other British possessions, Japan, the United States, and Germany, in the order named. Save in the case of the United Kingdom, India's exports normally exceed her imports from all countries with whom she has large dealings. There is, however, a tendency on the part of the United Kingdom to purchase more and more from India, her best customer, with the result that the excess of imports over exports declines steadily. The percentage share of the United Kingdom in the import trade fell from 57·8 in 1923-24 to 54·1 in 1924-25, while her share in the export trade showed a slight increase from 25 to 25·5 per cent. The share of His Majesty's Dominions and British Possessions in imports increased from 6·7 per cent. to 8·1 per cent., chiefly as the result of renewed importations of Mauritius sugar and larger arrivals of raw cotton from Kenya Colony. In exports their share fell slightly from 13·9 per cent. to 13·2 per cent. The whole of the British Empire had 47·7 per cent. of the total trade (62·2 per cent. in imports and 38·7 per cent. in exports) as compared with 48·8 per cent. (imports 64·5 per cent. and exports 38·9 per cent.) in the preceding year. The share of the United States of America in imports was 5·7 per cent., as in the two preceding years, while her share in exports has steadily declined from 11·1 per cent. in 1922-23 to 9·4 per cent. in 1923-24 and 8·8 per cent. in the year under review. The share of Japan in the export trade showed no appreciable change and remained at 14 per cent. On the import side her share increased owing to larger supplies of cotton twist and yarn and piece-goods. Germany's share in imports was 6·3 per cent. as compared with 5·2 per cent. in 1923-24 and 6·9 per cent. in the pre-war year and in exports 7·1 per cent. as compared with 6·9 per cent. in the preceding year and 10·6 per cent. in 1913-14. Belgium had 2·7 per cent. of the import trade and 3·9 per cent. of exports as compared with 2·4 and 3·8 per cent. respectively, in 1923-24. There were larger importations of sugar from Java but at lower prices and consequently Java's share of the import trade was unchanged. The imports of sugar from Mauritius increased in the year under review and that colony had 1·5 per cent. of the import trade as in the pre-war year. Large imports of Kenya cotton accounted for an increase in the share of

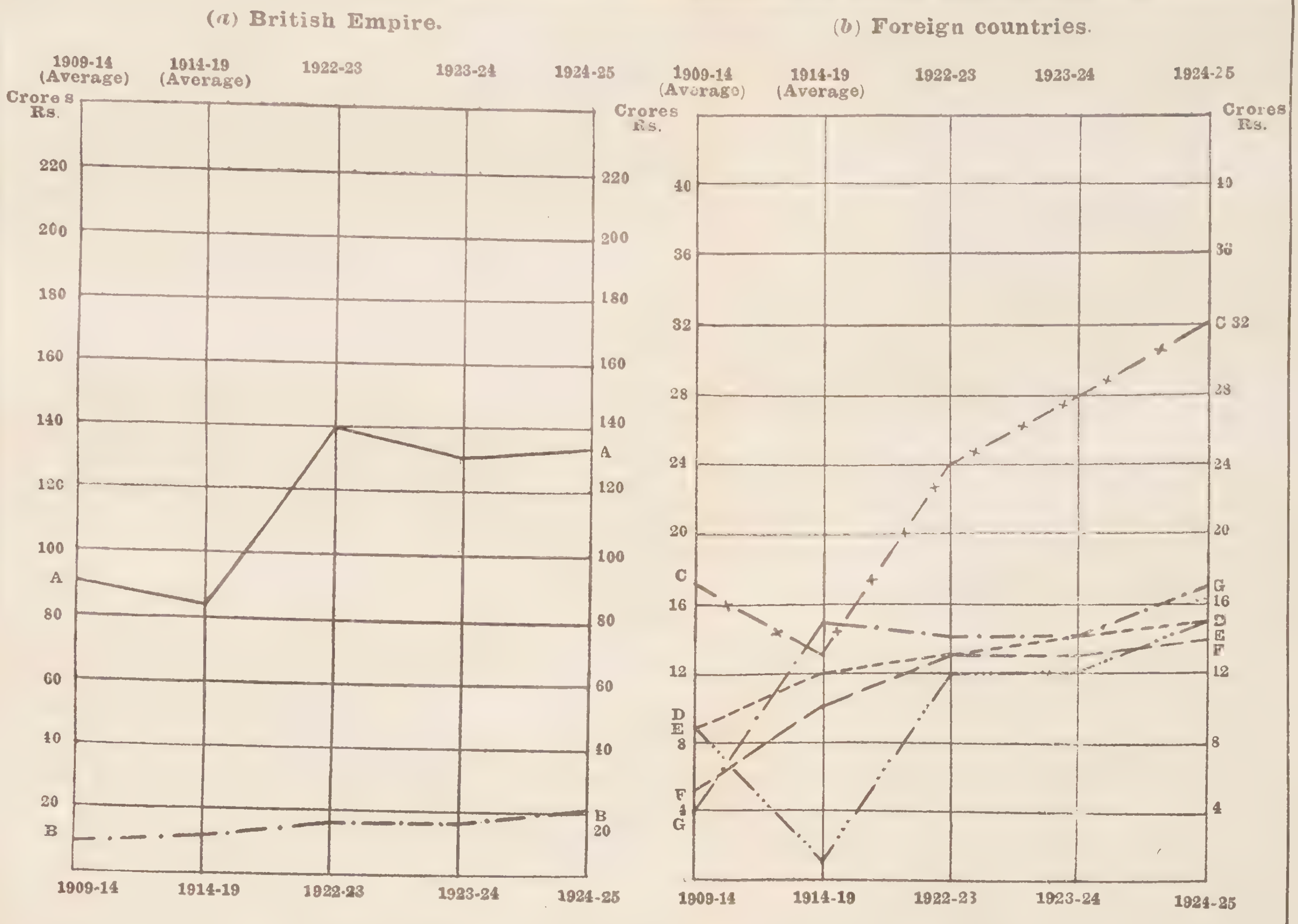
East Africa in imports from 1·4 per cent. in 1923-24 to 2 per cent. in 1924-25.

We may now briefly review the direction of trade in a few of the more important commodities. In iron and steel the United Kingdom lost ground, supplying 63 per cent. only as compared with 67 per cent. in the preceding year and 70 per cent. in the pre-war year. The share of the United States although higher than before the war, decreased, as compared with the preceding year, while those of Belgium and Germany improved. In machinery the United Kingdom maintained her predominant position, although Germany improved her share somewhat. Under hardware, the share of the United Kingdom fell by 6·8 per cent. to 40 per cent. and here again Germany made substantial progress, at her expense and that of the United States and Japan, her share rising from 21 per cent. in the preceding year to 26·9 per cent. In motor vehicles the United Kingdom made a recovery and had 29·3 per cent. of the imports as against 26·2 per cent. in the preceding year. The position of the United States and Canada remained stationary at 35 and 27 per cent. respectively, while Continental countries, *e.g.*, Italy, France and Belgium decreased slightly, their shares being 3, 2 and 1 per cent. respectively. Under railway plant and rolling stock the share of the United Kingdom fell from 94·1 per cent. in the preceding year to 89 per cent. in the year under review. The United States, Belgium, and Germany secured 2·8, 3 and 1·2 per cent., respectively of the trade in 1924-25 or 1·3, 1·2 and 0·8 per cent. more than in the preceding year. Under " Instruments " Germany considerably improved her position at the expense of the United Kingdom while the shares of other countries remained practically unchanged. In cotton manufactures, the share of the United Kingdom decreased by 1·4 per cent. to 80·5 from 81·9 per cent. in the preceding year, while there was a corresponding increase in the share of Japan from 12·4 to 13·8 per cent. Japan made a recovery in silk manufactures, and her share rose from 40·9 to 47·7 per cent., while China's share fell from 34·6 to 28·6 per cent. There was also a decrease in the share of Italy from 11·7 to 10·5 per cent. Java's share in sugar fell from 89·5 to 73·9 per cent. owing to the re-entry of Mauritius into the market which had 17·4 per cent. of the trade as compared with 0·4 per cent. in the preceding year and 16·9 per cent. in the pre-war year. In liquors the share of the United Kingdom again decreased while those of France and Germany improved. The United States

DIAGRAM No. 16

Variations in the Trade of British India with principal Countries during the last three years, as compared with average of the pre-war and war periods.

IMPORTS.

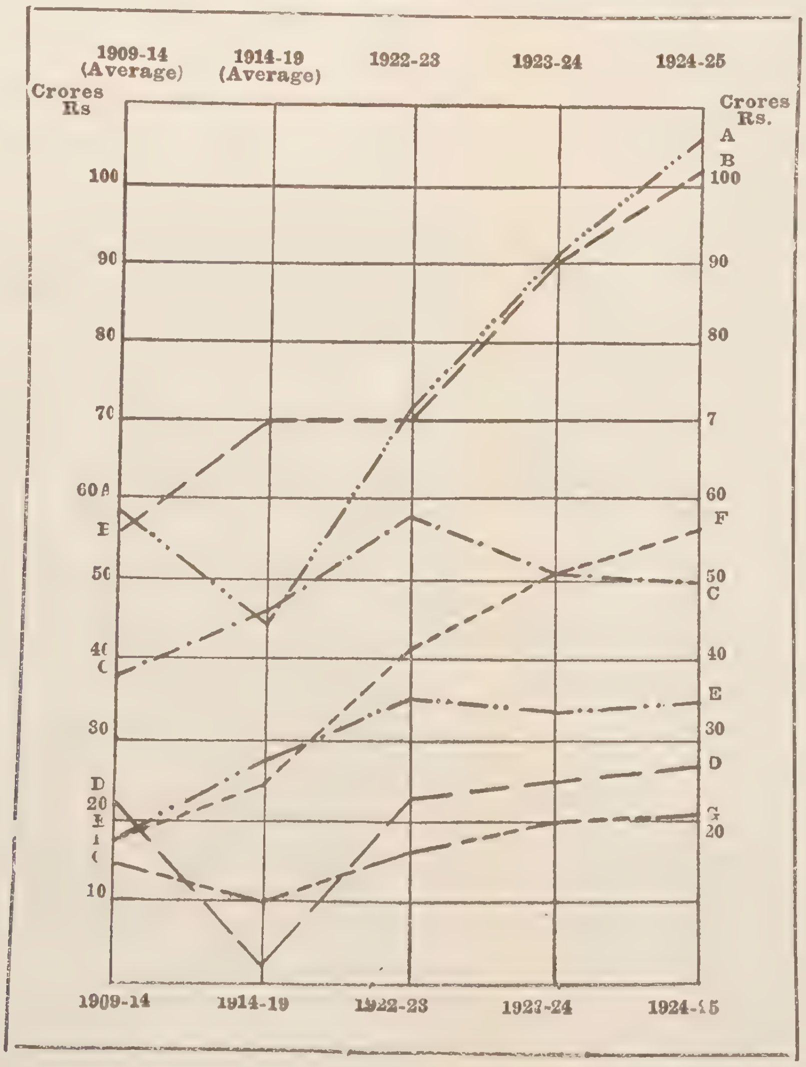


N.B.—For the sake of clearness these two charts have been drawn to different scales.

REFERENCES OF IMPORTS.

A. United Kingdom.
B. Other Parts of the British Empire.
C. Other Foreign Countries.
D. Java.
E. Germany.
F. United States of America.
G. Japan.

EXPORTS.



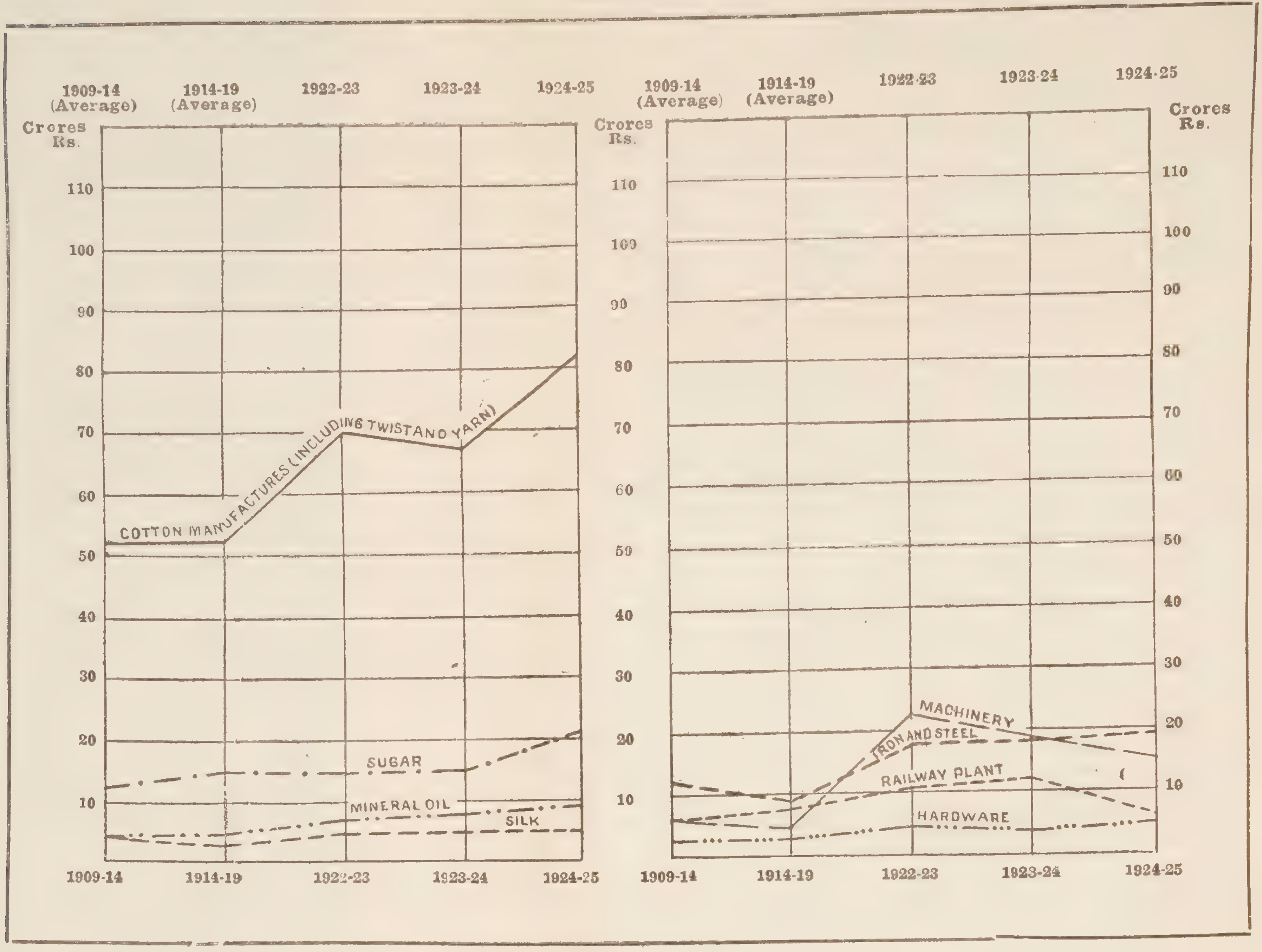
REFERENCES OF EXPORTS.

A. Other Foreign Countries.
B. United Kingdom.
C. Other Parts of the British Empire.
D. Germany.
E. United States of America.
F. Japan.
G. France.

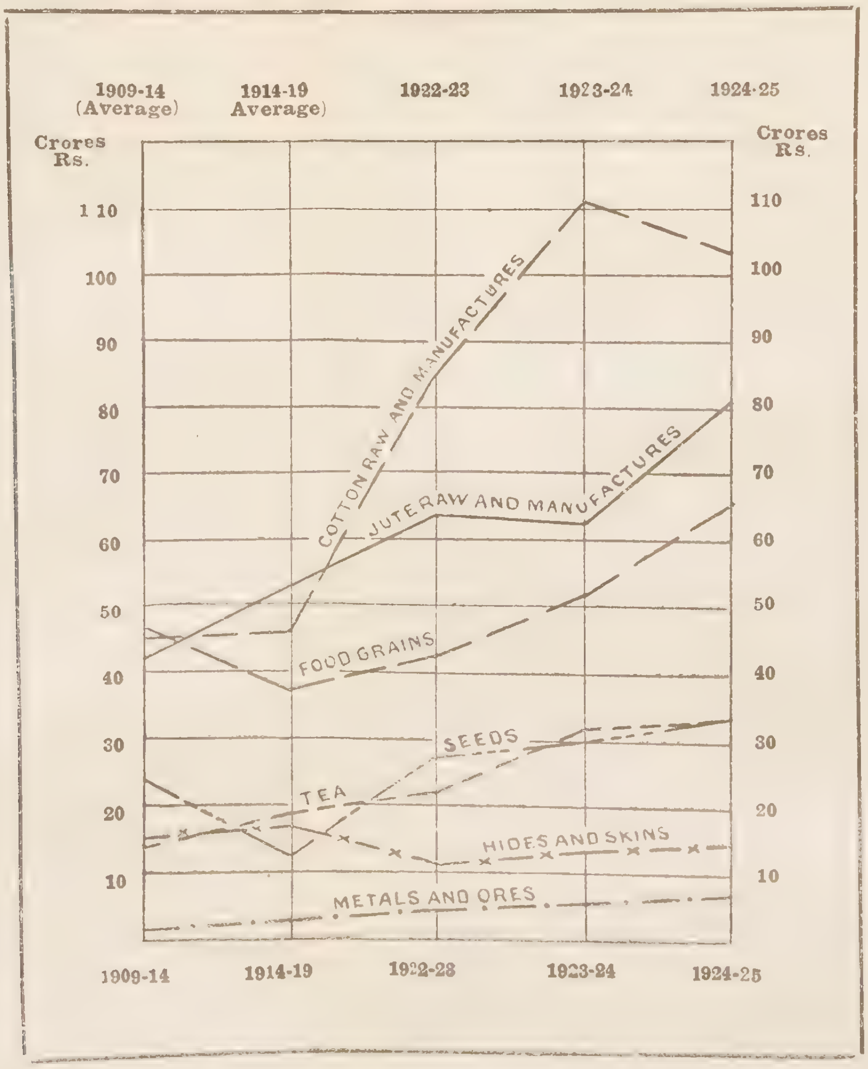
DIAGRAM No. 17.

Variations in the values of principal articles in the Import and Export trade of British India during the last three years as compared with averages of the pre-war and war periods.

IMPORTS.



EXPORTS.



increased her share in mineral oils from 54·4 per cent. to 59·9 per cent. in 1924-25; the share of Persia also showed an increase while that of Borneo decreased. In paper Germany improved her position at the expense of the United Kingdom, Norway and Sweden.

Turning now to the exports, the United Kingdom, always the foremost customer of Indian tea, further increased her share of that trade from 88 to 89·2 per cent. In raw jute the shares of Germany and the United Kingdom rose from 25·6 and 23·1 per cent. in 1923-24 to 27·4 and 24·8 per cent. respectively, in the year under review. France also increased her share, but the share of the United States decreased from 12·3 per cent. in 1923-24 to 8·5 per cent. In jute manufactures there was a noticeable decrease in the share of the United States from 40·2 to 37·4 per cent. Australia, the Argentine, Java, and Japan showed small increases while the United Kingdom reduced her share. Under raw cotton, Japan absorbed more than 50 per cent. of the trade as compared with 43 per cent. in the preceding year. The shares of all the other principal purchasers, with the exception of China, decreased; that of the United Kingdom fell from 8·7 per cent. in 1923-24 to 5 per cent. in 1924-25.

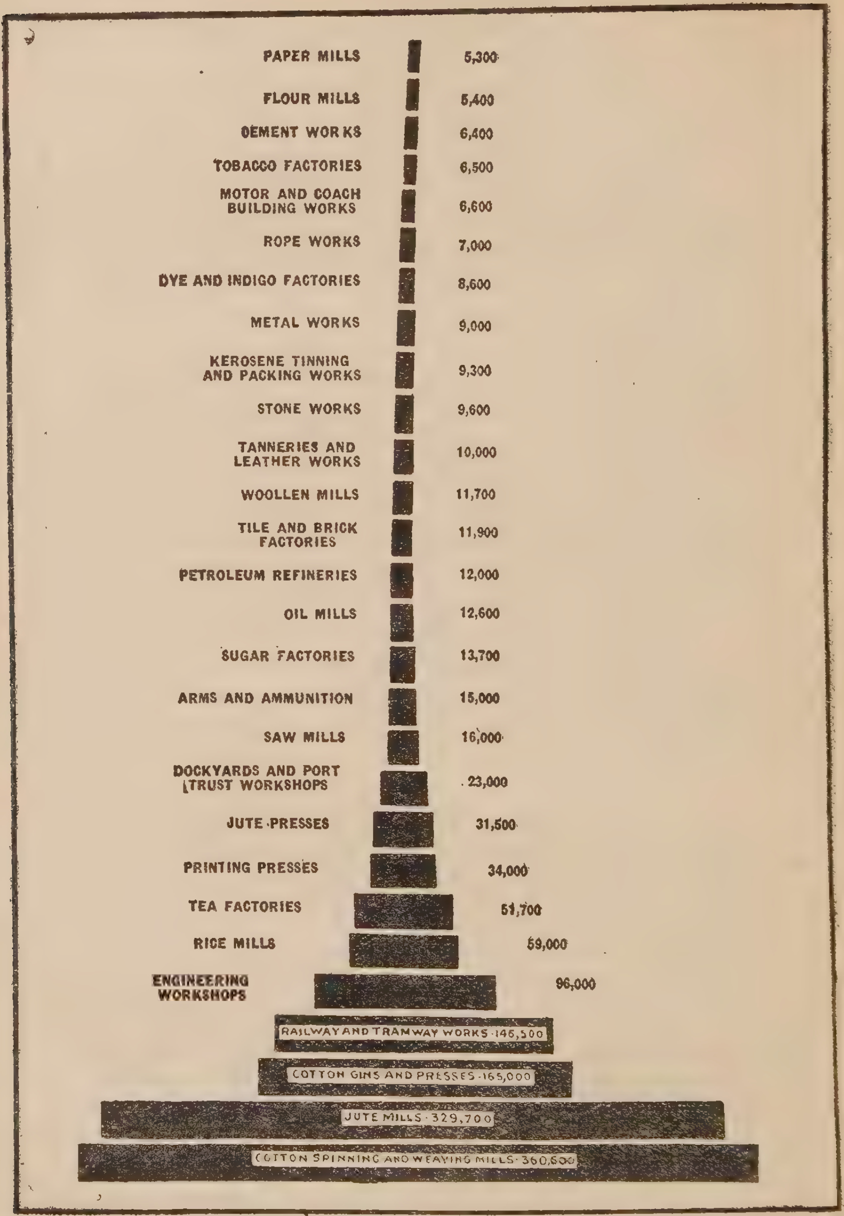
Even compared with her large overseas trade, which we have hitherto been considering, India's land trade is not small. The total value of the trade across the land frontiers of India, including the Burmese Frontier, amounted to Rs. 42 crores in 1924-25, an increase of 15 per cent. over 1923-24, and of 123 per cent. over the pre-war average. The most important part of this trade is that with Afghanistan, which, during the year under review, amounted to 4·46 crores in value. The imports of fruits, vegetables, nuts, raw wool and woollen manufactures from Afghanistan increased during the year as did exports from India of cotton manufactures, tea, sugar, leather manufacture and indigo. The total trade with Persia also increased, exports of Indian yarn and piecegoods as well as of leather, both manufactured and unmanufactured, advancing considerably. The trade with Nepal amounted during 1924-25 to Rs. 8,61 lakhs or 20·5 per cent. of the whole frontier trade. Imports of raw jute and rice from Nepal increased as did the exports from India of cotton yarn and piecegoods. Exports of rice from Burma to India increased considerably, Madras being the principal purchaser. Increased quantities of kerosene oil and petrol came into India from Burma during the year, whilst in the opposite direction the export of cotton piecegoods and gunny bags from India also increased.

A new system for the registration of the external land frontier trade of India has been introduced with effect from the 1st April 1925. Under the previous system, all traffic crossing the land frontiers was registered at trade-recording stations established on different trade routes. Many of these stations were situated on what were little more than hill tracks lying in remote and inaccessible places and staffed by low-paid clerks, subject to little or no supervision. New stations were opened from time to time and old stations closed or reopened. The returns were forwarded through the several local authorities to the Statistical Office. The statistics as thus compiled were unreliable, long delayed, and unsatisfactory for purposes of comparison. The expenditure involved on account of the establishment was also in most cases out of all proportion to the value of the results obtained. The old system was therefore discontinued and, with the co-operation of the railway administrations concerned, a new system has been adopted under which statistics of traffic in selected important commodities are recorded only at railway stations adjoining the frontiers. This system is not applicable to Burma where the railway is on the whole situated at a distance from the land frontier. Some modification will, therefore, be necessary before it can be extended to that province and the matter is under consideration.

The foregoing discussion of Indian trade during 1924-25 has shown it to be generally in a thriving condition. It has shown also what an overwhelmingly preponderant part agriculture and its products play in her political economy. There are economic writers who maintain that Indian industrial development is proceeding on wrong lines. They point to the low level of demand in the country as the first obstacle to industrial development, and turn for arguments to the cement and steel industries. For example, a writer in "The Economist" of August the 1st, 1925, points out that of 800,000 tons of pig iron produced in India during 1924-25, 300,000 tons were exported. The only great producer of steel in India is the Tata Works, which is expected to produce within the next two years at the rate of 400,000 tons of steel per annum; another works with an equal output would nearly exhaust the Indian demand. In the event of India's steel production exceeding her own demand, she would

DIAGRAM No. 18.

Relative importance of the different classes of Factories in India during 1923.



NOTE 1. The number represents the average number of persons employed daily in the respective industries.

2. Engineering workshops include figures for electrical engineering workshops, electrical generating and transforming stations, ship-building and engineering works, iron, brass and steel foundries and canal foundries and workshops.

3. Dockyards and Port Trust workshops include figures for harbour works.

4. Arms and ammunition include figures for arsenals, gun carriage factory and sappers and miners workshops.

5. Woollen Mills include figures for woollen carpet and shawl weaving establishments.

6. Metal works include figures for aluminium factories.

undoubtedly find it very difficult to export her surplus. Again, some of the existing cement factories, whose total output is about 600,000 tons annually, are compelled to close down for a large part of the year, although imports of cement from abroad are less than a quarter of the amount produced in India. The same writer, in the number of "The Economist" mentioned, generally criticised the present economic development of India for failing to preserve a healthy equipose. He said that some industries which may be regarded as premature are only kept alive by artificial expedients, whilst industries, such as the production of sugar, which ought to be the natural outcome of Indian conditions, are starved. Such criticisms as these, however, by no means represent the whole truth, and might have been applied to other countries at certain stages of their industrial development. The Indian demand for industrial products is not stable, and most decidedly is not declining. A rise in demand, and consequently in the scope for Indian industrial enterprise, will follow naturally from the improvement which, there is good reason to believe, is taking place in the economic conditions of the Indian masses, particularly of the rural masses. Although it seems likely enough that agriculture will for very long, perhaps always, remain India's greatest industry, nevertheless, for her increasing population and in the interests of harmonious economic development, she must become industrialized to some extent, and it is, therefore, premature to condemn the present policy of the Indian Government with regard to the protection and development of Indian industries. We have already seen something of their protective policy and a brief account of their development policy may be given here.

With the introduction of the Reformed Constitution, industrial development became a Provincial Transferred subject. The Central Department of Industries and Labour deals with such things as central institutions for industrial training, geology and minerals, together with the Geological Survey of India; the administration of the Indian Mines Act, the Indian Explosives Act, and the Indian Petroleum Act. The Indian Factories Act, and other labour legislation also falls within its sphere, wherein are further included patents and designs, copyright, legislation relating to electricity and steam boilers, stores, stationery and printing, inter-provincial migration; meteorology, civil aviation, posts and telegraphs, irrigation and public works.

By far the greater part, however, of the work connected with the assistance of industries, the development of industrial and technical education, and, to a large extent, the research work necessary to establish the value of raw materials, are all controlled by Indian Ministers in charge of the Provincial Departments of Industries. The constitution, however, permits the central Government to exercise supervision over industrial subjects when such a course is considered expedient. The necessity for such supervision is obvious. For example, pioneer industries may have to be established on a scale for which the resources of any one province would be inadequate, while institutes for carrying on research for the benefit of the country as a whole fall quite beyond the scope of any one of the local Governments. Moreover, such questions as that of making India self-supporting in the matter of stores required for military purposes must obviously be relegated to the consideration of the central department. In last year's report a description was given of the work of the Indian Stores Department and mention was made of certain revised rules, which had been promulgated during 1924 to regulate the purchase of stores by Departments of the Central Government and Provinces other than Governors' provinces. During the period under review major local Governments have been given unfettered discretion in formulating their own stores' purchase policy. In pursuance of the provisions of Schedule 1, Part II, item 27 and also of Schedule II, item 17 of the Devolution Rules, the Secretary of State for India in Council has framed a rule to the effect that the purchase of imported stores and stationery for Governors' provinces shall be regulated by rules to be prescribed by Local Governments.

During the year 1925 a purchase agency subordinate to the Indian Stores Department was established at Karachi; and the Department is now represented at most of the important commercial and industrial centres of India. The volume of business handled by it continued to grow steadily and shows a marked increase over the record of the year 1924 in all directions. Textile goods to the value of Rs. 1,28,40,000 were purchased, and the purchases of engineering plant and materials and miscellaneous stores amounted in value to Rs. 1,60,19,000. The value of stores inspected by the various inspection organisations, excluding the Metallurgical Inspectorate, amounted to Rs. 3,52,71,000 while the tonnage of materials inspected at the Metallurgical Inspectorate reached the total of 2,96,000. The number of tests, analyses and investigations at the Test House and the Metallurgical Inspectorate amounted to 6,042 and 3,475 respectively.

Of the industrial legislation of the year, we may note the extension of the Lac Cess Act of 1922 and the Cotton Industry (Statistics) Bill. The former provides for the imposition of a cess at the rate of 4 annas a maund on exported lac and 2 annas a maund on refuse lac for five years from the 1st January 1922. The proviso to Section 7 of the Act however provides for its extension for a specified period with the previous consent of the Indian Legislature. The proceeds of the cess are paid to the Lac Association for research work, the object being to improve the quality of lac and cheapen its price by extending its cultivation. The Association have completed their preparatory work. They have built a Research Laboratory at Nankum in Bihar and Orissa and have acquired and laid out 100 acres of land for the plantation of host trees. A staff of scientific research workers has been engaged. The need for this work has now become the more imperative because of the increasing competition from synthetic substitutes made in Germany, the United States of America and recently in England. A Notification has accordingly been issued on the recommendation of the Association and with the consent of the Legislature extending the life of the Act for a period of 5 years from 1st January 1927.

The Cotton Duties Act, 1896, provides in addition to the collection of excise duty, for the submission of returns of the quantities of cotton goods produced in mills in British India. These statistics of production have been systematically compiled for the last 30 years and have proved of great assistance in studying the development and vicissitudes of the industry. The abolition of the cotton excise duty necessitates the repeal of the relevant legislation and unless the preparation and submission of these statistical returns are provided for by another Act, there will be a break in the continuity of these useful statistics. It is therefore proposed to render compulsory the preparation and submission of suitable returns of quantities of cotton goods and cotton yarns manufactured in India by a Cotton Industry Statistics Bill. This is to be introduced along with the connected repealing legislation.

Mention was made last year of the Central Government's decision to establish a School of Mines at Dhanbad in the province of Bihar and Orissa in order to provide facilities for high grade instruction in Mining Engineering and Geology. It was not found possible to open this school towards the close of 1925, but rapid progress is now being made with its various buildings and its first session will begin in November 1926.

The reports of the previous years have shown the scope of the Provincial Industries Departments and have given some idea of the usefulness of their activities. During 1924-25, the latest year for which accurate information is available, these activities of the Provincial Departments were fully maintained and even extended in certain directions. In some provinces, it is true, financial difficulties hampered the work of the Industries Departments, but in spite of this great handicap, much solid and unobtrusive work was done.

The Bengal Department continued to pay much attention to research and propaganda. Technical advice and information regarding trade facilities were given to small industrialists whilst rural workers were instructed in modern methods of tanning, handloom weaving, wool spinning, blanket weaving and so on. The Calcutta Research Tannery successfully concluded a number of highly technical experiments which are expected to prove of very great importance for the tanning industry. A survey of hides and skins has been undertaken in the province for the purpose of ascertaining their leather making properties. The Serampore Weaving Institute conducted experiments in the weaving of coarse jute fabrics, tussar silk reeling, carpet manufacture and other industries. District Weaving Schools and peripatetic centres continued to give instruction to village weavers in the use of certain machine appliances, whilst a special effort was made to introduce fly-shuttle looms and other small scale industries among the Santals of Western Bengal with a view to improving their economic conditions. In addition to its above mentioned activities, the Calcutta Research Tannery provided special facilities for the training of apprentices, some of whom, it is satisfactory to note, started in business for themselves on the completion of their training. It is expected, moreover, that the participation of the Tannery in the British Empire Exhibition will result in the establishment of business connections between the leather trade in India and firms in the United Kingdom and other countries.

Much attention has been devoted recently by the Bengal Department to devising methods of match manufacture, which will enable small local firms to compete successfully with foreign firms and with the larger local firms which draw their experience from abroad. This industry developed to some extent during the year under review, but as most of the match-making businesses in Bengal are very small and lack both capital and trained management, they depend for their existence on a small local market. However four large factories started operations during the year, one of which leased certain areas of the Darjeeling Forest in order to ensure a regular wood supply.

The question of introducing a State-aid to Industries Bill is now under the consideration of the Bengal Government, which has also recently sanctioned the establishment of an Industrial Laboratory to facilitate research into difficult industrial problems.

In Bombay the activities of the Department of Industries are generally to supply commercial intelligence to private enterprises, to give professional or technical advice and other assistance to minor industries and to foster cottage industries, especially weaving. In Bombay the Department of Industries is paying particular attention to the hand-loom industry, helping and reviving it by demonstrations and by the introduction of improved methods of hand-weaving. During the year 1924-25 there were five schools in the Presidency engaged in teaching the use of fly-shuttle looms. At the suggestion of the Provincial Board of Agriculture the experiment of training agriculturists to take up weaving as a spare-time occupation was carried on at a place in the Dharwar district. After about a dozen hand-looms had been introduced into the district, the school was transferred to the Belgaon district. Pupils, who must be agriculturists, are taught to weave plain cloths.

The Madras Bureau of Industrial and Commercial Information dealt during 1924-25 with a large number of enquiries on industrial and commercial subjects, both from the public and from their Government Departments. Numerous analyses were also carried out for private persons. Much, again, was done to develop the Match Industry. Small manufacturers were brought into touch with manufacturers of up-to-date machinery and chemicals, and they were also informed about the most suitable timber for their purpose. The Government Soap Institute at Kirala extended its activities in all branches during the year and made a net profit on the year's working equal to a return of 7·11 per cent. on the capital invested in the Institute.

In Madras, as in other provinces, much attention is being paid to the development of weaving. The number of peripatetic weaving parties was reduced from 10 to 5 towards the close of the year under report. The reason for the decision to reduce the number of parties was that all the important weaving centres in the Northern Circars and the Ceded Districts had been visited, and it was considered possible for the remaining five parties to arrange periodical visits to these centres. The work of the parties has also undergone some alteration; for, while they used to be concerned mainly with propaganda work with a view to the general adoption of the fly-shuttle sley and lever dobbies, they now attend to the improvement of the preparatory processes, the demonstration of the departmental hand-sizing machines, and the distribution of power-sized warps. The development of sericulture, the manufacture of quinine, chemical research and the installation of machinery for pumping and boring were other subjects which came within the purview of the Madras Government in its Industries Department. 49 Aided Industrial Schools were in existence at the end of the year under review and the Government has decided to establish model Government Industrial Schools in each language area in the Presidency.

In the Punjab, attention has been paid to the fostering of the tanning industry by the opening of a small Government Tannery at Shahdara near Lahore, and to developing a local source of supply of skilled engineers by the opening of the Maclagan Engineering College at Mughulpura, a suburb of Lahore, in 1923. This College has now settled down into a valuable teaching institution with 37 students who are being trained as Mechanical and Electrical Engineers, and 133 students who hope eventually to qualify as Mechanical and Electrical Foremen. The College has, from time to time, carried out chemical tests on minerals which have been submitted to the Department of Industries for analysis and has saved industrialists much of the delay and expense which resulted in the past from the necessity for sending specimens further afield for examination. As in former years, the Director and the headquarters staff answered numerous enquiries from industrialists. Apart from these activities, statistics were collected with a view to ascertain in what directions the Department could best extend its activities. The investigation included a detailed inquiry into the number, horse-power and make of all the internal combustion engines existing in the Province. This inquiry should enable the Department to discover what assistance may profitably be given to the economically weak owners of these engines. The repetition of the inquiry at regular intervals will shew to what extent the use made of this form of power is developing. Steps are also being taken to obtain accurate statistical information of exports and imports. Two years ago the Punjab Government published a valuable report on the rail and river-borne trade of the Province. Financial considerations led to the discontinuance of this report, but its value was so evident that its revival is now being considered.

The most important piece of business which the Department of Industries in the Central Provinces undertook during 1924, was the preparation of a Bill for the provision of State-Aid to Industries. Unfortunately, political conditions did not allow of this Bill being considered on its merits and its further progress has on that account been postponed. Apart, however, from this measure, much attention was paid to the progress of electricity in the Province. Several new factories adopted electric lighting, and the demand for electric motors for driving flour mills, printing presses, cinema installations, etc., is reported to be growing rapidly. Industrial education is also advancing in the Central Provinces. The improved fly-shuttle sley introduced by the Textile Expert is becoming more popular with the weaving community. New ground was broken at 26 centres where demonstrations of its use were given and 2,226 sleys and 100 double-box sleys were sold. The total number of sleys introduced in that Province since 1915 is 14,668, of which, it is satisfactory to note, 4,310 were made and sold independently by local carpenters. This indicates a recognition by the public that these sleys are a sound economic proposition. A school of tannery has been almost completed and provision for starting work have been made in the Budget for 1925-26.

In Bihar and Orissa three-fourths of the expenditure of the Industries Department is devoted to educational work. The first year's record of the new Engineering College is full of promise, and it is believed that, with its new syllabus and equipment, this institution will be able to provide as fine a course of training in civil engineering as is given anywhere in India. The new college has been affiliated to the Patna University and is recognised as a source of recruitment for the Indian branch of the Indian Service of Engineers. The Orissa School of Engineering completed its second year of existence in July, and 16 out of 19 second-year students who appeared at the final examination for sub-overseers were successful. A scheme has been worked out for the addition of mechanical apprentice classes to this school, as well as to the Industrial School at Ranchi. The continued success of the latter institution goes far towards justifying the development of similar schools elsewhere, as recommended by the committee on vocational education. The Tirhut Technical Institute was opened in July, and many applications were received both in the apprentice and in the artizan classes. The school promises to be a success. Three State Scholarships were awarded during the year to enable students to go abroad for technical training. One of these scholars will be trained in the sugar industry at Honolulu, another as a mechanical engineer in Great Britain, and the third in the ceramic industry. Several stipends also were awarded for industrial training in other provinces. Experiments in sericulture and machine-making have been carried on by the Department and a most praise-worthy attempt is being made to foster genuine cottage and home industries in the Province. A Cottage Industry Institute was opened in March 1925 by Lady Wheeler and a sales depôt in connection with it at Bankipore. A scheme has been prepared for supplying knitting machines on the hire-purchase system to students who have been trained in their use at the Cottage Industry Institute. The Board of Industries have recognised also the desirability of founding a Chamber of Commerce for the province and an application has already been made for the registration of this association.

In Assam as in previous years, two peripatetic weaving parties were at work demonstrating to weavers the advantages of improved methods and applianecs of weaving. As two parties were found inadequate to the growing public demand, a third party has now been formed for the Assam Valley. There is a steady demand for improved appliances for weaving such as fly-shuttle looms, sleys, hand-creels and the like in preference to country-made accessories. In sericulture, the existing plantations of mulberry and other suitable trees were extended, whilst about 20,000 layings of various seeds were distributed to the public. A project for a silk nursery station at Shillong has been sanctioned recently. The hand-crafts school at Sylhet and the weaving institute at Gauhati continued to impart useful courses of instruction during the year 1924-25, and are being further developed.

In Burma, a feature of industrial development during the year ending March 31st, 1925, was the opening of three match factories in Rangoon, bringing the total to four. There was, in consequence, a noticeable decrease in the quantity of matches imported into the province during the year. Sawmills also increased slightly in number, but the over-expansion in recent years of the rice milling industry was indicated by a further falling off in the number of rice mills.

The Industries Department of the United Provinces continues to concentrate mainly on industrial education. Already the Province stands second to none in the number of its State or State-aided Schools, and it is hoped that by the end of 1926 nearly every district in the province will have a School. Cottage Industries, particularly weaving, are being fostered by the Government of the Province, which has already established an emporium at Lucknow for the sale of the finished products of the cottage weavers and has in contemplation the opening of a departmental yarn store to supply yarn to them without the intervention of middlemen.

Even from this very brief description of the activities of the different Provincial Industries Departments, it can be seen that much interest is being taken in fostering cottage industries and sound industrial education. Those who have studied Lord Reading's speeches to the Indian Legislature, will remember how, on more than one occasion, he dwells on the subject of industrialising India, and shows that the experience of the western nations, particularly of England, gives India a chance to avoid the mistakes which have caused so much misery and so many social and political difficulties there. We know now what a blunder the English Governments of Industrial Revolution days made in allowing their cottage industries to be entirely destroyed and their villagers reduced to the state in which the Poor-Law Commission of 1834 found them. If, as seems likely, agriculture is to remain India's chief industry, then the cottage crafts must be preserved and developed. English experience shows how wonderfully tenacious of life they are, and in India they are very far from having succumbed to factory competition. Twenty-eight per cent. of the cloth used in the United Provinces is made by cottage weavers and within a few miles of Calcutta, through which thousands of tons of foreign cloth are poured into India, cottage weavers are not only holding their own but are prospering. Carpentry, oil-pressing, metal-work and other forms of industry are to be found flourishing in many places. As the Industrial Commission of 1916-18 reports, "modern industrial enterprise has left India in substantial possession of her cottage industries," and the work which is devoted to helping them is both healthy and fruitful. The industrial spirit is indigenous to India, hampered though it has been through the centuries by restrictions of caste and tradition. One of the most important tasks of industrial education in this country is, therefore, to foster this spirit and add to it the faculties of vision and enterprise to which western industrialism owes so much of its rise and progress.

If agriculture and industries are the body and bones of a national organism, communications are its nerves. Already we have seen something of the great progress made of late years in the Indian Railway System, particularly on its financial side, and here certain other aspects of the working of the system during the year may be treated. The total route mileage up to the end of March 1926 was 38,552 consisting of:—

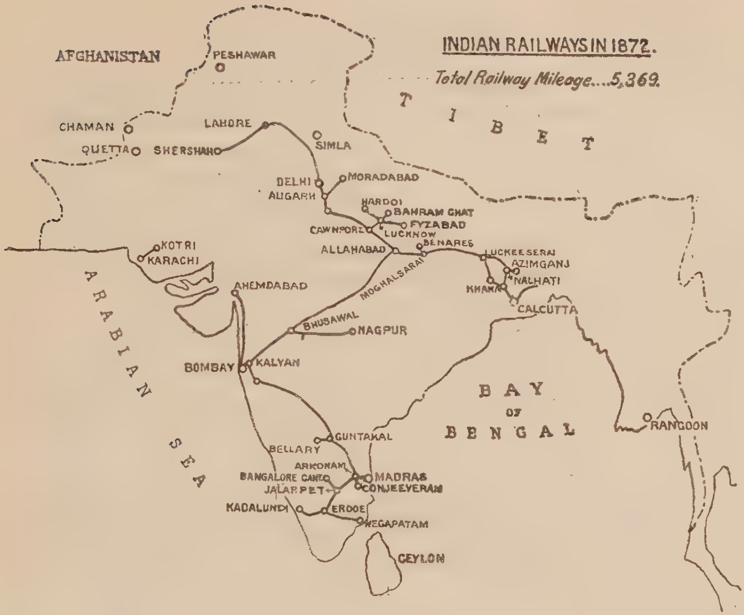
Broad Gauge	18,957
Metre Gauge	15,880
Narrow Gauge	3,715

Of this total, 27,430 miles, or 71 per cent., is owned by the State. During the year under review 282 miles of new line were opened for public traffic and at the end of the year a total of about 1,800 miles were under construction.

On account of the transfer to State control of the East Indian Railway on 1st January 1925, and the Great Indian Peninsula Railway on 1st July 1925, the mileage directly worked by the State has increased to 15,564 miles or 40 per cent. of the total Indian Railway mileage. During the year, it was decided to purchase the Delhi-Ambala-Kalka Railway with effect from 1st April 1926. This will add another 210 miles to the mileage of State-owned lines.

Since the separation of Railway Finance from General Finance, the Railway contribution to the General Revenues, which, as we

DIAGRAM No. 19.



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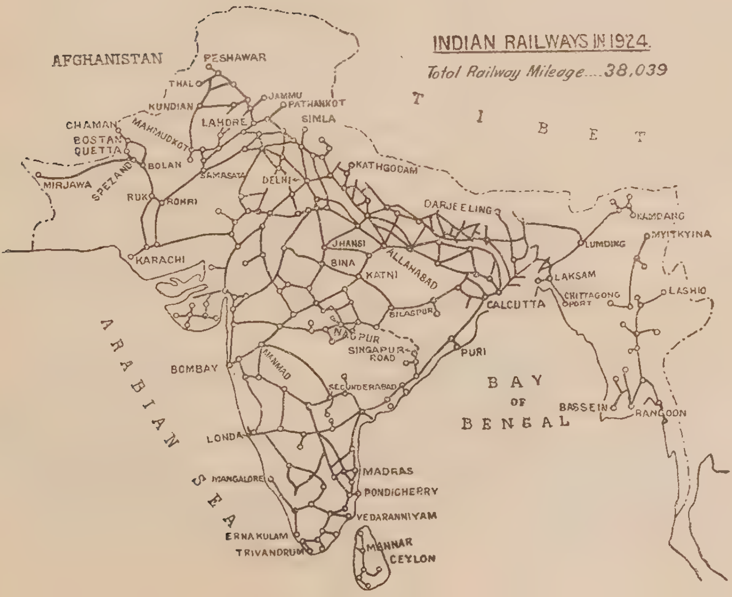
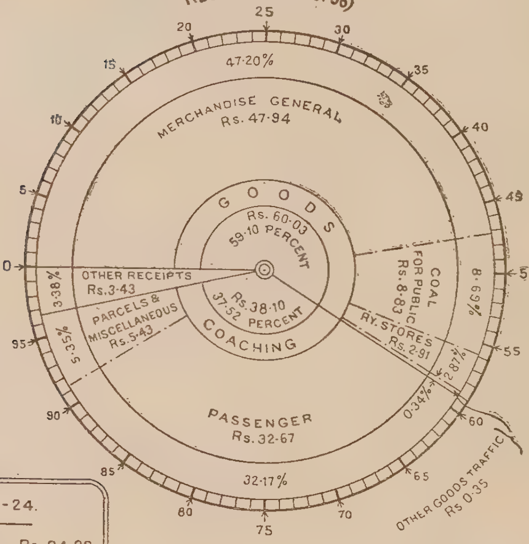


DIAGRAM No. 21.

RAILWAY RECEIPTS AND EXPENDITURE ON STATE OWNED LINES IN INDIA IN 1924-25.

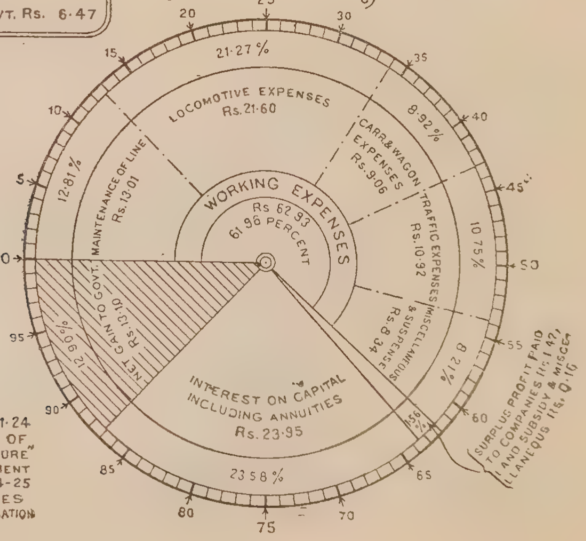
FIGURES IN CRORES.

RECEIPTS (Rs.101·56)



IN 1923-24.	
TOTAL RECEIPTS	Rs. 94·89
TOTAL EXPENDITURE	Rs. 88·42
NET GAIN TO GOVT.	Rs. 6·47

EXPENDITURE (Rs.88·46)



NOTE

THE DIFFERENCE OF Rs. 21·24 LAKHS IN "RECEIPTS" AND OF Rs.13·13 LAKHS IN "EXPENDITURE" AS COMPARED WITH STATEMENT No. 4 OF VOLUME II FOR 1924-25 IS DUE TO REVISED FIGURES FOR INTEREST AND DEPRECIATION CHARGES.

saw, is based on a percentage of the capital at charge of Railways—an ever increasing figure—grows larger year by year. Experience alone will show what amount should ultimately be required in the railway reserves, but the experience of other commercial concerns and other commercial railways suggests that the Reserves are still far short of the figure which will place the Indian railways in a perfectly safe position when regard is had to the obligations of the separation convention and the unknown vicissitudes of the future. In a year, for instance, in which bad monsoon conditions cause a heavy drop in earnings without a corresponding drop in working expenses, the payment of the contribution will make a very heavy call on the Railway reserves. On the other hand, the existence of a reserve fund, meagre though it is at present, and the existence of financial arrangements which will ensure that a fair share of profit goes into the reserve in future, has made it possible to take temporary risks with the earning power of the railways. As a result it has been decided to make considerable reductions in passenger fares with effect from 1st April 1926 and to make a reduction amounting approximately to 10 per cent. in coal rates for distances over 400 miles. It is expected that the stimulus given to traffic as a result of these reductions in rates and fares will eventually lead to substantial increases in earnings which will more than recoup the initial loss of revenue which is likely to occur.

The organization of headquarters remained as described in last year's report. The Chief Commissioner of Railways is the President of the Railway Board with the rank of Secretary to the Government of India. In him is vested the power of over-ruling the other members of the Board. The work of the Railway Department is divided between the Financial Commissioner and the two Members of the Board on the basis of financial, technical and general. The Board is assisted by five Directors for Civil Engineering, Mechanical Engineering, Traffic, Establishment, and Finance, each Director being responsible for one or more of the several branches of the office.

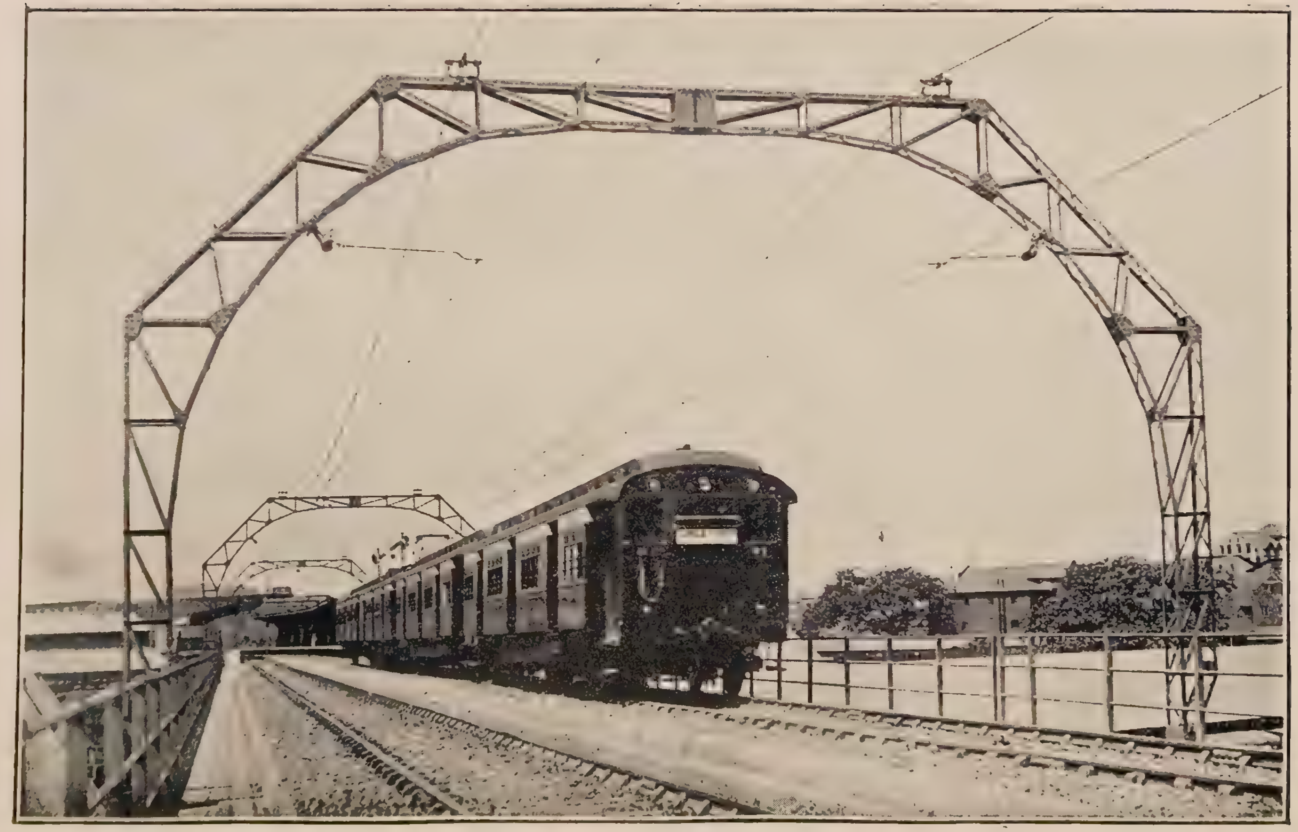
The direct management of the Great Indian Peninsula Railway was taken over by Government on 1st July 1925 and a few months later the Allahabad-Jubbulpore Line was transferred from the management of the East Indian Railway to that of the Great Indian Peninsula Railway, thus completing the re-arrangement which had been earlier decided on. The amalgamation of the East Indian and Oudh and Rohilkhand Railways and the transfer of certain portions of the combined system in the neighbourhood of Delhi to the North Western Railway has resulted in consolidating the State-managed railways into self-contained units each working in a well-defined geographical area. These administrations are now organised on a divisional basis and the new system is already showing satisfactory results. Under the divisional system the entire administrative responsibility for the movement and handling of traffic, including the direction of engine power and running powers of engines and vehicles, and for co-ordinating these factors with the up-keep and improvement of ways and works is vested in the Chief Operating Superintendent. At the same time the responsibility for executive work of the same kind is placed on a single authority in each locality termed the 'Divisional Superintendent.' This form of organisation which has been adopted extensively in America, South Africa, and other countries, showed its merits very soon after it had been introduced on the Great Indian Peninsula Railway in 1922. It was applied to the North Western Railway in October 1924 and to the East Indian Railway in January 1925.

The separation of Railway and General finances has enabled the Railway Board to take a bold line in the direction of new construction, and the Budget for 1926-27 makes provision for over 2,500 miles of line under construction during that year. The total mileage of the projects sanctioned or under investigation amounts to between 6,000 and 7,000 miles.

In Burma construction is proceeding on a number of important new branches, and further new branches are under consideration, while a survey is being made for railway extensions to Tavoy and Mergui with a possibility of a connection in the future with the Siamese Government Railways. A survey is also in progress for a better route through the Arakan Mountains for an Indo-Burma connection.

Active construction is proceeding in South India on a programme contemplating the addition to the South Indian Railway of 250 miles a year during the next six years.

Two most important projects are in hand in the area lying between the East Indian Railway and the East Coast. The first is the



ELECTRIC RAILWAY NEAR BOMBAY.

Central Indian Coalfields Railway with a total mileage of 300 miles, and the second is the completion of the Raipur-Vizianagram line, 260 miles in length, with which is intimately connected the construction of a new harbour at Vizagapatam. Work on the harbour has also been begun and has been placed under the control of the Railway Board.

A large part of the capital expenditure on improvements is for facilities for the better and more efficient handling of the present traffic on railways and for meeting and increasing its natural expansion, particularly the expansion of suburban traffic in and around the three presidency towns of Bombay, Calcutta and Madras.

The introduction last year of electrified services on the Harbour Branch of Bombay, which have since been extended to Bandra, is only the first step in the general scheme at present in hand for the electrification of the suburban and main lines of the railways entering Bombay. This scheme includes the suburban section Victoria Terminus to Kalyan, and Church Gate to Borivli, and the main line section Victoria Terminus to Igatpuri and Poona. The electrification of these sections will provide a faster and more frequent suburban service than is possible with steam working and this will undoubtedly help towards a better distribution of the dense population of Bombay. The Madras suburban problem is being dealt with by the provision of additional tracks on the Madras-Tambaram metre gauge section of the South Indian Railway, and several important schemes for improving the Broad Gauge Madras and Southern Mahratta Railway terminal facilities have been taken in hand. The electrification of the Madras-Tambaram section and of other portions of the South Indian Railway is being investigated, but this depends to some extent on the prospects of a hydro-electric supply. The Calcutta suburban traffic problem is also receiving attention. A new bridge across the Hooghly near Bally has been taken in hand and a scheme for the electrification of the suburban lines and improved terminal facilities is being investigated.

The various through routes throughout India are, however, not being neglected and in the budget for 1926-27 the Railway Board have provided 3 crores and 40 lakhs for remodelling marshalling yards, and 1 crore and 40 lakhs for doubling and quadrupling existing track. Most of the important junctions, whose limited capacity has been a severe handicap to traffic, are being remodelled, the more important schemes being those in connection with Ahmedabad, Lucknow and Trichinopoly. The outlay on improved facilities for the comfort of lower class passengers forms an appreciable share of the expenditure on the general improvement of stations.

The Bombay-Poona section of the Great Indian Peninsula Railway is to be improved by eliminating the reversing station at Bhore Ghat, the doubling of the Grand Chord of the East Indian Railway is approaching completion, the Bombay, Baroda and Central India line into Bombay is being quadrupled, and the Ishurdi-Gopalpur section of the Eastern Bengal Railway is being doubled.

The keenest interest continued to be displayed by the Legislature in the Indianisation of the superior staff of the railways. Figures for the year under review are not yet available but steady progress has been made. It is realised, however, that progress in this direction chiefly depends upon the extension of existing training facilities as recommended in the Lee Commission Report and accepted by Government. This matter continued to occupy the attention of the Railway Board during the year and formed the subject of discussions with the Central Advisory Council and the Agents of State Railways.

As mentioned last year, a railway school of transportation at Chandausi was opened on the 2nd of March 1925. The starting of this school marks a definite advance in the work of training the staff of railways and improving the general standard of efficiency in all grades. The school provides courses for junior officers in train working and transportation. It also provides for the subordinate staff of all grades employed in train working courses in actual train, station, and yard operation, and telegraph signalling. There are two other schools of a similar kind—one at Lyallpur on the North Western Railway, and the other at Asansol on the East Indian Railway. Steps are being taken to develop the Lyallpur School and to establish a school at Sahebgunj (the existing school at Asansol being abandoned) on the lines of the school at Chandausi. The school at Sahebgunj will provide training for the subordinate staff of the eastern districts of the East Indian Railway and of the Eastern Bengal Railway. A similar school is also contemplated for the Great Indian Peninsula Railway, and, pending the formation of a permanent school, temporary arrangements are being made at Bina for the training of subordinates. Companies' Railways have also

DIAGRAM No. 22.

The following table shows the total number of European, Anglo-Indian and Indian employees for 1924-25 as compared with 1923-24 and 1913-14 :—

Year.	European.	Anglo-Indian.	Indian.	TOTAL.
1913-14 . . .	7,986	10,437	614,882	633,305
1922-23 . . .	6,883	12,129	730,668	749,680
1923-24 * . .	6,565	11,500	702,689	720,754
1924-25 . . .	6,299	11,965	722,590	740,854

* Revised figures.

been asked to follow the lead thus given and formulate schemes to provide proper training for their staff. As contemplated under this scheme each railway system will have a school or schools in which the subordinate staff of all grades employed in train working will go through preliminary courses of training and subsequent refresher courses.

The gross receipts of the Indian Postal and Telegraph Department during the year 1925-26 amounted to Rs. 10·21 crores which is lower by Rs. 20 lakhs than the figure adopted in the budget estimate. On the other hand there was a saving of about Rs. 46 lakhs in the working expenses, which amounted to Rs. 9,30,000 against Rs. 9,76,000 taken in the budget. Taking into account the interest charges which the Department has to pay for its capital assets, the net profit for the year on the working of the Department was Rs. 43 lakhs. This however included about Rs. 18 lakhs of a non-recurring character due partly to the correction of a previous wrong adjustment and partly to the fact that stocks of postal stamps and stationery were abnormally high and the expenditure on their replenishment much below the normal in consequence. These figures are taken from the March final accounts and the final working expenses for the year are likely to be increased and the profit decreased *pro tanto* as a result of supplementary accounts adjustments.

The activities of the Post and Telegraph Department were fully described in "India in 1924-25," and need not be repeated this year. It is sufficient to say that this important Department has continued those activities with success in all branches. The claims of the larger towns have to a certain extent monopolised the resources of the Department, but the Director-General has recently ordered that special attention be paid to the development of postal and telegraph facilities in rural areas and the smaller towns.

The increase in postal rates in April, 1922, had the immediate effect of reducing the postal traffic, but since 1922-23, the traffic has increased steadily, and in 1924-25, 1,244 million articles were handled. This included 534 million letters, 542 million postcards, and 74 million registered newspapers. There was a total increase of 35 million articles over the figures for 1923-24. A satisfactory feature of the postal statistics is the continued steady decrease in the number of unpaid letters. A belief used to prevail that an unpaid letter is taken as much care of in the Department as a registered letter, and that the sender, by not prepaying his letter, not only effected an economy at the expense of the addressee, but also ensured the arrival of the letter at its destination. The postcard and the embossed envelope which are sold for the face value, without charge for material, are steadily taking the place of the dreadful letter which usually consisted of a sheet of inferior paper, folded small, gummed, or more often not gummed, and covered with undecipherable hieroglyphics.

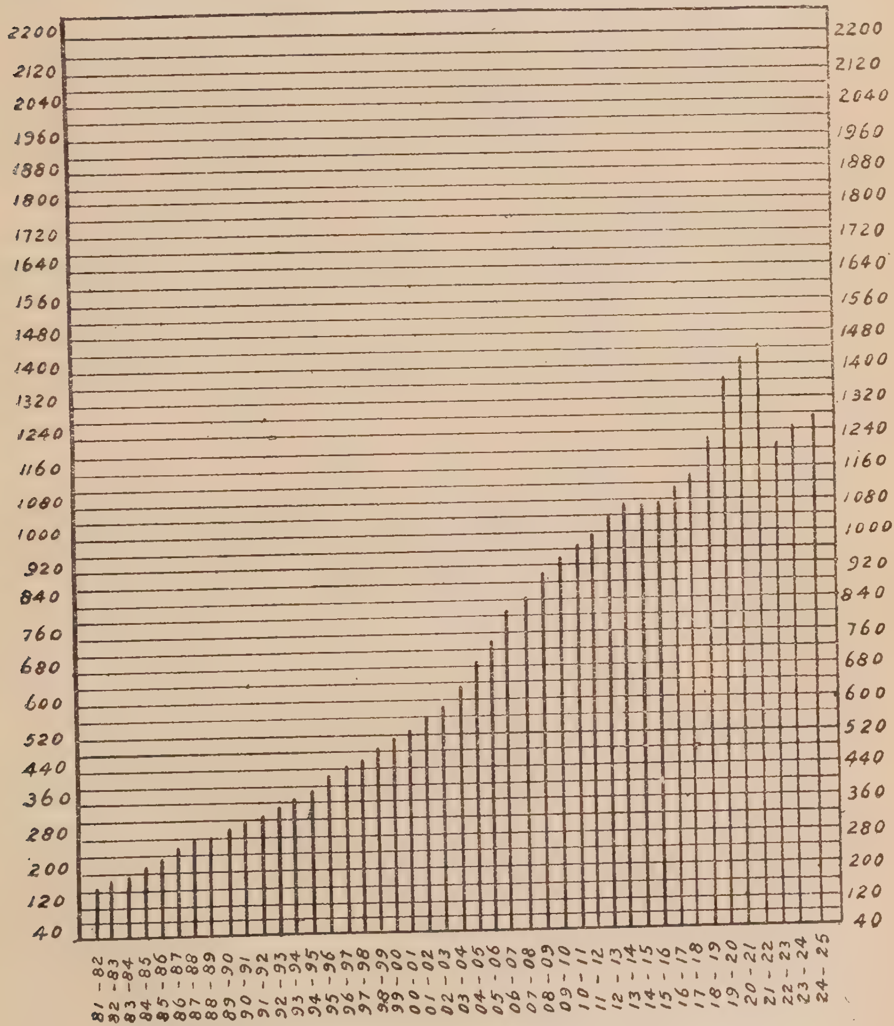
It is not always recognised, especially by the infinitesimal few whose letter has gone astray, how efficient is the work of the Post Office. Out of 1,278½ million articles, including money orders, which were posted during 1924-25, as many as 99·87 per cent. were actually delivered and of the remaining ·13 per cent., many of the articles were never even addressed. In Bengal, Bombay and Madras alone, an average of 104 articles are posted every day with no address whatever. Another striking feature of the Indian Post Office is the high standard of honesty of the postal officials of all ranks. Out of a personnel of 105,800 officials only 265, *i.e.*, less than 2 per thousand, were convicted by criminal courts.

Some apprehension has been caused by the number of attacks on mails and mail runners by dacoits and the question has arisen whether the runners should be given fire-arms instead of the picturesque but ineffectual spear. The question has been carefully examined and the safety of the runners will be increased by doubling the number in dangerous tracts. But it is not only the highway robber that the postal official has to fear. Last year three runners carrying mails were killed by tigers, a letter-box peon was killed by a landslip at Darjeeling, and four runners were drowned. Yet, in spite of danger from nature, and man and beast, the humble dak-wallah carries on pluckily and loyally, often unappreciated and seldom rewarded.

As a result of high prices following the War and, indeed, of the efforts made by Government to meet the situation, a crop of 'grievances' and 'anomalies' arose in the Department, many of which have been redressed. But in the opinion of the all-India and Burma Postal and Railway Mail Service Union, the service association of the Post Office of India, much remained to be done. In March 1925, a Deputation discussed these grievances with the Member in charge of the Department and the Director-General. A promise

DIAGRAM No. 23.

Diagram showing growth of postal traffic since 1881-82—all articles



was made that the grievances should be carefully investigated. Some of them were remedied during the course of the year and it is hoped that the remainder will be set right in the near future.

The Savings Bank is not only a barometer of the confidence which the public have in Government, but also of the economic condition of the people. The number of active Savings Bank accounts rose in 1924-25 by 3·59 per cent., and the balance at credit of the depositors at the end of 1924-25, which stood at 25¾ crores represents an increase of 3·43 per cent. Post Office Cash Certificates have already been discussed, but it may be mentioned here that the latest returns seem to indicate that they will retain their popularity despite the recent reduction in their rate of yield.

The recommendations of the Posts and Telegraphs Department Committee, which was appointed by the Government of India during the year 1924-25 to investigate possible measures of economy in the Department of Post and Telegraphs with special reference to the question whether economy could be effected without loss of efficiency by internal re-arrangement of the methods of working and redistribution of duties, were considered by the Government of India.

The Daily Letter Telegram Service, mentioned in last year's report, was extended to Iraq. A wire was given to the Eastern Telegraphy Company for the disposal of foreign traffic between Calcutta and Bombay. The arrangement, which was started as an experiment from June the 1st, 1925, was finally adopted for a period of one year beginning on January 1st, 1926. Owing to this arrangement foreign messages are being disposed of more promptly.

In Telegraph Engineering there have been one or two interesting developments during the year. With effect from the 1st July 1925, the Sub-Divisional system of working which existed in the Telegraph Department prior to the introduction of the Circle scheme on the 1st April 1910 was reintroduced in the Engineering Branch of this Department with 60 Sub-Divisional offices in India and Burma. Sub-Divisional officers are under the direct control of Divisional Engineers and are held primarily responsible for the construction and maintenance of all telegraph and telephone lines, and for the technical management of Railway, Canal, telephone, and combined offices in their jurisdiction.

The total line and cable mileage at the end of the year 1924-25 was 94,037 carrying 477,839 miles of wires. Increasing use is being made of local sources of supply. The value of stores purchased locally rose from Rs. 5,20,677 in 1923-24 to Rs. 12,03,775 in 1924-25 while the value of stores obtained from England fell from Rs. 27,62,837 in 1923-24 to Rs. 18,51,384 in 1924-25. Hard drawn copper line wire is now being manufactured satisfactorily in India, and over 600 tons of this wire of local manufacture were purchased from the Indian Cable Company of Tatanagar during 1924-25. The supply of locally manufactured insulators has however been disappointing and the Department still has to depend upon the Director-General of Stores, London, to meet the greater part of this class of store. Glass Battery jars of local manufacture are also being obtained.

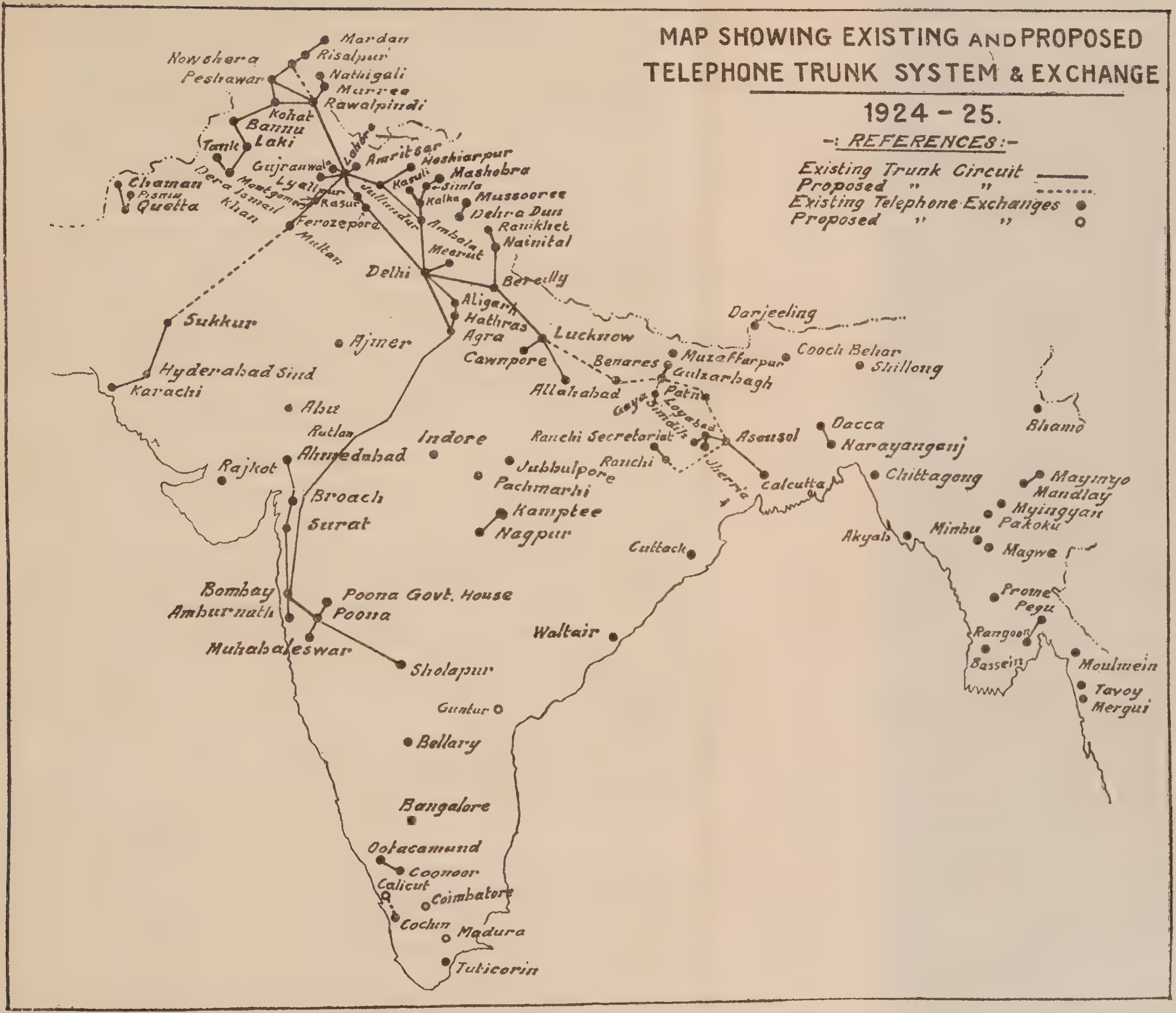
The Creed Wheatstone Automatic system of Working has been entirely replaced during the year by modern Multiplex system, *i.e.*, Baudot, Murray and Morkrum. The Baudot system continued to work satisfactorily during the year. The Murray Baudot or Mechanical Baudot system of working, having given satisfaction between Bombay and Agra, was extended during the year to the following circuits:—

Bombay-Delhi, Calcutta-Patna and Nagpur-Bombay.

The growth of the Telephone Branch has continued, 21 new exchanges with 1,139 connections having been opened during the year. On the 31st March 1925, the total number of telephone exchanges owned and maintained by Government was 252, with 14,770 connections. In addition, there were 14 licensed telephone exchanges with 26,455 connections. Considerable further extensions have also been made in the trunk telephone scheme, the most notable event being the opening of a telephone trunk line from Bombay to Delhi, whereby speech is now possible between Bombay and the principal cities in the Punjab and United Provinces. Composite Working was introduced on the Lucknow-Allahabad Trunk during the year, with satisfactory results. This system permits of the ordinary telegraph wires being used for transmission of telephone speech without much additional cost, and it is hoped to extend the system very considerably.

The year under review has seen some definite progress in wireless. The total number of wireless licenses has increased consider-

DIAGRAM No. 24.



ably, chiefly owing to the greater number of Import (Wireless Telegraphs) Licenses issued. The scheme for broadcasting in India has been notably advanced during the year and it is probable that permanent broadcasting stations will be able to begin work early in 1927. In the meantime, permission to broadcast has been given to some Radio Clubs. A scheme for modernising seven Inland Wireless Stations and two coast stations in India on the continuous-wave system was sanctioned by the Government and the necessary apparatus placed on order. In the meantime Delhi Radio has been remodelled, apparatus which was already available being installed.

Experiments with temporary direction-finding installations were carried out at Karachi and Bombay. At Karachi the wireless station is to be completely converted in order to provide communications for the Imperial Aeroplane and Airship services as well as for ships at sea; a permanent direction-finding installation will then be included. At Bombay a new coast station with direction-finder is to be erected on the mainland, after which the existing station on Butcher Island will be dismantled.

The British Official Wireless messages were satisfactorily received as in former years, and distributed to several leading newspapers through Messrs. Reuters Limited. The new Imperial Wireless Station at Rugby took over the transmission of these messages on 1st January 1926, and has proved greatly superior to the Oxford (Leafield) station which formerly carried out this service.

Negotiations with the Indian Radio-Telegraph Company in connection with the Imperial Wireless Scheme were completed and work has already been started on the "beam" transmitting and receiving stations near Poona. These will provide direct communication with corresponding stations in England, which will be erected by the Marconi Company on behalf of the British Government by whom they will be operated.

In last year's report the conditions affecting the progress of civil aviation in India were discussed. Mention was made there of the re-survey of certain primary Air-routes which, had, *inter alia*, led to the conclusion that a Seaplane Service between Calcutta and Rangoon would be preferable to the land-route adopted in the original survey. An officer of the Royal Air Force was recently deputed to inspect and report on the sites selected as Seaplane Bases at Rangoon and Calcutta. His report together with the general question of the inauguration of a Seaplane Service over this route is now under consideration. Aviation in India will, it is hoped, receive a great stimulus when the proposed airship service between England and India materializes. For when this development takes place, heavier-than-air mail services linking up with the main towns in India will almost inevitably follow. To prepare for this, the principal internal air routes have recently been re-surveyed by an officer of the Royal Air Force, but, pending a final decision as to the policy to be adopted by the Government of India in regard to the future development of Civil Aviation in India, the examination of the detailed reports has been held in abeyance.

Interest in aerial matters has been further stimulated during the year, by the proposed inauguration of an aeroplane service from Egypt to India (Karachi). The British Government have entered into an agreement with Imperial Airways Ltd., for a fortnightly service over this route which it is hoped will come into operation early in 1927. In response to a request of the Italian Government, arrangements were made by the Government of India to facilitate the flight across India and Burma of the Italian aviator Vice Colonel Marchesa de Pinedo on his journey from Rome to Tokio and back.

The necessary land for the Karachi base of the proposed Airship Service to India is now being acquired and plans of the lay-out have been prepared. This base is to comprise a shed and mooring mast together with all requisite accessories in the nature of gasplant, fuel storage and pumping arrangements, and accommodation for personnel. The Government of India have agreed to undertake the execution, through the agency of their Military Engineering Services of such subsidiary works as roads, railway sidings, water supply, etc. This work was recently put in hand and good progress is being made with it.

Owing to certain technical difficulties the revision of the Indian Aircraft Act, 1911, and of the rules issued thereunder in 1920, mention of which was made in last year's report has been temporarily postponed.

The close relation between aviation and meteorological researches need not, of course, be emphasised, but it may be interesting to note how the work of the Indian Meteorological Department will affect the working of the Egypt to Karachi Air route. Airships will follow alternately the Persian Gulf and Red Sea routes according to the prevailing or seasonal flow of the upper winds; and India has been asked to undertake the cost and responsibility of providing weather information in the area roughly represented by the triangle Karachi-Aden-Basrah a region singularly poor at present in communications and in conveniences for starting and maintaining upper air observatories. A new station has recently been opened at Karachi, partly to provide the information required for aviation work by the Royal Air Force and partly in preparation for the Imperial Airship and Aeroplane services.

The Upper Air Researches of the Indian Meteorological Department, which centre round the observatory at Agra, were carried on throughout the year by measurements of high level winds at Agra and eight out-stations. The Agra results have already been found to bear close application in daily weather forecasting, and they promise now to be of practical use for the more important purpose of forecasting monsoon rainfall. A number of timely and satisfactory storm warnings were given to ports and shipping, and flood warnings to officers in the Irrigation, Railway and other Departments were isused from Simla as in previous years.

The importance of meteorological research has been receiving the increased attention of the public and the press, and important schemes for increasing its efficiency are now under the consideration of the Government of India. As it is not possible to develope upper air work in Simla, the headquarters of the department are to be transferred to Poona. There is also a further proposal for the reorganisation of the superior staff of the Department which will involve the creation of a number of new posts of Meteorologists and Assistant Meteorologists.

The progress made during the year in certain harbour projects and with the centralization of the administration of ports and shipping may be briefly mentioned here. On an examination of the Expert Harbour Committee's Report regarding the Cochin Harbour Scheme, the Madras Government and the Government of India were satisfied that the experiment of cutting a passage through the bar had been successful, and sanction was given for the scheme's being carried a stage further. A summary of points agreed upon by the Government of India, the Madras Government and the Darbars of Travancore and Cochin for the development of the Harbour was also drawn up and duly signed by the various parties concerned.

The scheme for the development of the Vizagapatam Harbour was sanctioned and the port declared a "Major port" under the Devolution Rules, in order that the project might be financed from the Central revenues. It was, however, decided that the construction of the Harbour should be effected through the agency of the Bengal-Nagpur Railway Company. The Agent of that Railway Company has been appointed *ex-officio* Administrative Officer for the Harbour Works, and an Engineer-in-Chief placed in immediate charge of the construction. An Advisory Committee consisting of official and non-official representatives has also been appointed to advise the above officers in connection with the construction of the harbour.

Under the Reforms Scheme the subjects of shipping and navigation, lighthouses, port quarantine and marine hospitals and ports declared to be major ports have been classified as 'Central subjects.' As the law now stands, however, the statutory power for the administration of these subjects is vested almost entirely in Local Governments. The result has been that methods of administration vary from province to province. A scheme designed to bring the Government of India into closer touch with the administration of these central subjects was therefore prepared and placed before a Conference of the representatives of maritime local Governments, Major Port Trusts, Departments of the Government of India concerned, and by principal Port and Port Health Officers in November 1924. The scheme was generally accepted and the conclusions arrived at are at present under the consideration of the Government of India.

APPENDIX I.

A SLIGHT DESCRIPTION OF THE PRESENT CONSTITUTION OF INDIA AND A BRIEF SKETCH OF THE INDIAN FINANCIAL SYSTEM.

The first and most striking consequence of the new Government of India Act, and of the rules made thereunder, has been to divide the sphere of Government in the Provinces between two authorities, one amenable to the British Parliament and the other to the Indian electorate. This has necessitated a prior classification of the subjects of Government into the two spheres of Central and Provincial. A number of very important administrative subjects, henceforth technically known as "Provincial" subjects, have been entrusted to the reformed Local Governments. These include Local Self-Government; medical administration, public health, and sanitation; education; public works and water supply, with certain reservations; land revenue administration; famine relief; agriculture; fisheries and forests; co-operation; excise; the administration of justice, subject to legislation by the Indian Legislature; registration; industrial development; police; prisons; sources of provincial revenue; and many miscellaneous items. The way has thus been cleared for the division, within the Provinces, of the functions of Government between an authority responsible to Parliament and an authority responsible to the electorate. It is hardly necessary to repeat that under the reformed constitution the Provincial Executives now consist of two portions. The first half is the Governor, working with Executive Councillors nominated by the Crown; the second is the Governor, working with Ministers selected from members of the Provincial Legislature. The first half administers certain subjects known as "Reserved" and is responsible for them to the Central Government and ultimately to Parliament. The second half deals with "Transferred" subjects and is amenable to the Indian electorate. Among the most important of the subjects so transferred to popular control are Local Self-Government; medical administration, and public health; education; public works, under a number of important heads; agriculture; forests and fisheries; co-operation; excise; registration; industrial development; and other minor items. Thus a very large proportion of those administrative subjects on the development of which India's progress depends have now been made over directly to Indian control.

The division of the Provincial Executives into two halves, according to the so-called dyarchic plan, is a constitutional experiment of a hitherto unparalleled kind. With the reasons for its adoption we are not here concerned; it is sufficient to state that in the circumstances amid which India found herself at the time of the Reforms, those in control found it difficult to devise any alternative method of combining stability with progress.

Turning now to the internal aspect of India's finances, we must note that a large proportion of the revenues of the Government of India is derived not from taxation, but from such sources as land revenue, opium, railways, forests and irrigation. The country being still in the main agricultural, Indian revenues are always largely influenced by the character of the season. Up to the time of the Montagu-Chelmsford Reforms, the Budget of the Government of India was made to include the transactions of the Local Governments, the revenues enjoyed by the latter being mainly derived from sources of income shared between themselves and the Government of India. The Central Government out of these incomings was responsible for defence charges, for the upkeep of railways, posts and telegraphs, for the payment of interest on debt, and for the home charges. The provinces from their income met the expenses connected with land revenue and general administration, with forests, police, courts and jails, with education and with medical services. Charges for irrigation and ordinary public works were common both to the Central and to the Provincial Governments.

This state of affairs has passed away as a result of the changes introduced by the Montagu-Chelmsford Reforms. The authors of the Reforms had urged the necessity of complete separation between the finances of the Central Government and those of the various Provincial Governments. Their main recommendations were that no head of revenue should continue to be divided; that land revenue, irrigation, excise and judicial stamps should be completely provincialized; and that income-tax and general stamps should become central heads of revenue. Inasmuch as under this re-arrangement the Government of India would lose heavily, the scheme proposed that contributions should be levied on the provinces to make up the deficit. A Committee was appointed in January 1920 to investigate the financial relations between the new Central and Provincial Governments. The Committee proposed that receipts from general stamps should be credited to the provinces and not to the Central Government, and suggested a plan by which the Provincial Governments were to contribute Rs. 983 lakhs (£9·83 millions) to the Central Government in 1921-22. The standard contribution of each Province was also fixed as proportion of the total contribution necessary to make good the deficit of the Government of India. This proportion was 19 per cent. from Bengal; 18 per cent. from the United Provinces; 17 per cent. from Madras; 13 per cent. from Bombay; 10 per cent. from Bihar and Orissa; 9 per cent. from the Punjab; 6½ per cent. from Burma; 5 per cent. from the Central Provinces; and 2½ per cent. from Assam. The Committee recommended that contributions should be adjusted to this standard percentage by equal increments, contributions extending over a period of 7 years. These recommendations were not accepted in full by the Joint Select Committee of Both Houses of Parliament. It was finally settled that from the year 1922-23, a total contribution of £9·83 millions (Rs. 983 lakhs), or such smaller sum as may be determined by the Governor General in Council, shall be paid by the Local Governments, provision being made for reduction when the Governor General in Council fixes as the total amount of the contribution a sum smaller than that payable in the preceding year. Unfortunately, at the time of the inception of the Reforms and for some years afterwards the Provincial Governments, in common with the Central Government, underwent severe financial straits. Their expenditure was on the up grade, and the non-co-operation agitation had a baneful effect on some of their items of revenue, such as excise and stamps. It is therefore not astonishing that in most, if not all, provinces, there grew up a strong feeling against the system of Provincial contributions which was an integral feature of the financial arrangements under the reformed constitution. This feeling was most vocal in Bengal and Madras. Though the Central Government could not contemplate with any satisfaction the loss in their revenues entailed by the remission or reduction of any contributions—since their own financial position was itself precarious—yet it was felt that the case of Bengal was peculiar and eventually the Indian Government had to remit the Bengal contribution for a term of years.

Since the first days of the Reforms, however, a revolution has taken place in the state of Indian finances and for the past two years the Indian Government have had surpluses where formerly they had heavy deficits. The Financial Relations Committee laid down a regular programme for the abolition of the Provincial Contributions when the state of India's finances should make this possible. The first two stages of this programme have been carried out and almost half of the total amount of the Provincial Contributions has now been remitted. The prospects seem bright for further remissions of Provincial Contributions and it is to be hoped that their total abolition will be witnessed in the not very distant future.

APPENDIX II.

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APPENDIX III.

Resolution regarding the suspension of Transferred subjects in Bengal.

NOTIFICATION.

Public.

Dated the 13th June 1925.

No. F.-453-24—1.—In exercise of the powers conferred by rule 6 of the Devolution Rules, the Governor-General in Council, with the previous sanction of the Secretary of State in Council, is pleased to direct that the transfer of all the transferred subjects in the province of Bengal shall be suspended, with effect from the 13th June 1925 to the 21st January 1927.

RESOLUTION.

Public.

Dated the 13th June 1925.

No. F.-453-24—11.—The decision that the transfer of all transferred subjects in the province of Bengal shall be suspended from the 13th June 1925 until the 21st January 1927 has been announced in the Notification of the Government of India in the Home Department No. F.-453—24-1 (Public), dated the 13th June 1925, and the Governor-General in Council takes this opportunity of stating the reasons which have led the Government of India and the Secretary of State in Council to this decision.

2. The present Bengal Legislative Council met for the first time on the 21st January 1924. On the 24th March 1924 the Council rejected the demand for the salaries of Ministers by 1 vote. A motion, which was equivalent to a vote of censure, had, however, been moved in the same Council on the 20th February 1924 and had been rejected. The Ministers accordingly did not consider the vote of the 24th March as a vote of censure, and they were prepared to continue in office without salary. His Excellency the Governor of Bengal also accepted the view that the decision of the Council on the 24th March did not necessarily represent its considered opinion either in regard to the personnel of the existing Ministry or in regard to the question whether any Ministers should be appointed at all. It was, therefore, decided to resubmit the matter for the reconsideration of the Council at its next meeting and meanwhile the Ministers continued in office. A supplementary demand for the salaries of Ministers was placed before the Council on the 26th August 1924 and was rejected by 68 votes to 66. The Ministers then resigned and

His Excellency the Governor assumed charge of the administration of the transferred subjects under the Transferred Subjects (Temporary Administration) Rules.

3. On the 17th February 1925, the Council by a majority of 75 to 51 votes carried a Resolution recommending that a provision be made for the salary of Ministers in the budget for the year 1925-26. Nawab Bahadur Saiyid Nawab Ali Chaudhuri, Khan Bahadur, and Raja Manmatha Nath Ray Chaudhury were appointed to be Ministers on the 14th March 1925 and at the same time an official announcement was issued to the Press, of which the following is an extract:—

> "In order that there may be no misunderstanding, it is perhaps desirable to explain in advance what view the Government will take of the action of the Council in certain eventualities.
>
> (1) If the demand for Ministers' salaries is again rejected in *toto* the Government will regard this as an indication that the Council refuses to provide salaries for any Ministers. In that case His Excellency will apply to the Government of India to retransfer all the transferred subjects under Devolution Rule 6, and if this is done, Bengal would thereafter be governed by a Governor in Council. Any motion to reduce the salaries of Ministers to less than Rs. 3,000 a month will similarly be regarded by Government as a refusal on the part of the Council to provide adequate salaries for any Ministers, and, if carried, will have a similar result.
>
> (2) If a motion to reduce the amount payable to Ministers by any sum between Rs. 1,000 and Rs. 2,000 per month is carried this will be accepted by Government as the figure at which the Council desires to fix the remuneration of Ministers.
>
> (3) If a motion to reduce the amount payable to Ministers by a nominal sum between one rupee and Rs. 100 is carried this will be regarded by Government as indicating a vote of censure on the Ministers who will then resign and others will be appointed in their place. The opinion of the Council on their successors can be expressed either by a nominal reduction of Rs. 100 in one of the demands for transferred subjects which has still to be voted or later when a supplementary demand is made in the next session for the nominal sum which has been reduced."

On the 23rd March 1925, the Council by a majority of 69 to 63 again rejected the demand for the salaries of Ministers, though during the discussion of the motion for the demand the Hon'ble Sir Hugh Stephenson made it clear that the total rejection of the demand would be interpreted as indicating that the Council did not desire to have any Ministers at all. The Ministers then resigned and on the 25th March His Excellency the Governor again resumed charge of the administration of the transferred subjects under the Temporary Administration Rules.

4. The present Bengal Council has therefore on three occasions decided to provide no salaries for Ministers, though the issue was very definitely put before it on the last occasion. It is clear that the administration of transferred subjects by the Governor under the Temporary Administration Rules cannot continue indefinitely, as such an arrangement is neither suitable nor intended as a permanent form of administration. In these circumstances the Government of India and the Secretary of State have no alternative but to accept the thrice expressed desire of the existing Legislative Council that there shall be no transferred subjects in Bengal. For this reason the suspension of transfer has been directed for the life-time of the present Council, *i.e.*, up to the 21st January 1927, which is three years from date upon which the Council first met. Though the transfer has been suspended up to the 21st January 1927, this does not of course mean that the suspension of transfer may not be terminated on an earlier date, should the existing Council indicate its desire to secure reconsideration of the position or should its term of office be brought to a close before that date.

APPENDIX IV.

LORD BIRKENHEAD'S SPEECH ON INDIAN AFFAIRS, DATED 7TH JULY 1925.

The Secretary of State for India (The Earl of Birkenhead): My Lords, my first duty is beyond question to express gratitude for the great patience which both here and in another place has enabled me to hold the important office that I have filled for a period of eight months without making any considerable Parliamentary statement. For this unusual indulgence I am indebted both to my noble friend Lord Olivier, who has repeatedly postponed a question put down in his name, to the general body of your Lordships, and not less to those in the House of Commons who have exhibited a similar degree of patience. If I may venture to express an opinion upon the point, I think that both Houses of Parliament, in this matter, have exhibited a wise constraint. The responsibility for the Government of India is so vast, the problems are so novel and so complex, that no mind, however quickly acquisitive of new facts, or however industrious in its application to their mastery, can hope to make any useful contribution without months of unremitting industry.

I hope I have not altogether misspent the time which the indulgence of the House has made available to me. I propose to-day to make the best attempt I can to discharge the task which will naturally be expected from me; that is, to review the general situation in India. Such a consideration involves financial, commercial and political considerations. I shall attempt to deal with each.

I must, however, make it plain at the outset that upon one, and not the least important, of the subjects to which I must address myself, there has been a considerable measure of misunderstanding. Both in this country and in India there has been much speculation as to the decisions reached by agreement between the Governor-General and myself. No decisions whatever have been reached; nor could any have been reached. Indeed, not even the Cabinet, which has naturally been kept closely aware of the discussions between myself and Lord Reading, has reached any decision. The Government is far too conscious of the implications of the Montagu-Chelmsford constitution to find it possible even to think of conclusions until certain indispensable antecedent steps have been taken.

My noble Friend, Lord Lytton, who is at present the head of the Government of India, has naturally been kept very carefully informed of the discussions between myself and Lord Reading. Week by week, as those discussions have proceeded, he has been made aware, both in general and in particular, of their scope and tendency. Such a knowledge could not properly be withheld from him, though, as I have made it plain, neither he nor his Government is affected by any responsibility thereby. But before any decisions of any kind are taken, it is obvious that the consideration and advice of the Government of India must be formally invoked; and it is at least equally obvious that the opinions of the Legislative Assembly must be elicited. For reasons which are apparent, we should not dream of announcing or even of forming decisions without the contribution of that very important Legislative body which we have so recently called into existence.

I am not, therefore, to-day either announcing or purporting to announce, decisions or conclusions. I cannot any longer resist the legitimate desire of Parliament to be informed of the result of the discussions which have taken place between the Governor-General and myself. The truest description which I can give of the spirit in which I address Parliament is that, having held this responsible office for eight months, I am attempting a survey of the impressions which its tenure up to the present moment has stamped upon my mind.

I address myself, in the first place, to the financial position of India. I am happy to say that on a general survey, this position must be pronounced satisfactory. The period of heavy deficits which in the five years ending 1922-23 amounted to about Rs. 100 crores, may, in my belief, be regarded as definitely closed. This happy result is to be explained by the continued exercise of strict economy in every department of administration and by the imposition of additional taxation, particularly in the years 1921-22 and 1922-23. I need not trouble your Lordships with an examination of the Budget results, unexpectedly fortunate as they were, of the year 1923-24. But I ought to say a word upon the revised estimate for 1924-25, which shows a surplus of nearly Rs. 400 lakhs with an improvement of Rs. 473 lakhs in revenue and an increased expenditure of only Rs. 92 lakhs. The improvement is mainly attributable to substantial savings in military expenditure, savings in exchange, improved gross Customs' receipts, increase in the contribution of railways to general revenues, and a considerable windfall on account of enemy ships.

The Budget for 1925-26, which is based on an average rate of exchange of 1*s*. 6*d*., assumed an excess of revenue over expenditure of Rs. 324 lakhs, of which Rs. 268 lakhs was estimated to be a true recurring surplus. The Government of India had repeatedly announced that their financial policy would be directed to the reduction and eventual extinction of the Provincial contributions at the earliest possible date; and it was therefore decided to utilise Rs. 250 lakhs of the true recurring surplus in the remission of contributions. Under the scheme laid down in the devolution rules, Madras will obtain a remission of Rs. 126 lakhs; the United Provinces, Rs. 56 lakhs; the Punjab, Rs. 61 lakhs, and Burma, Rs. 7 lakhs. The Government of India had already taken into account in its estimates the further remission for three years of Bengal's contribution of Rs. 63 lakhs, which has since been accepted by the Legislature. These proposals, which have been the subject of deep consideration, were not received with any articulate enthusiasm in India. Those Provinces which obtained no relief out of the Rs. 250 lakhs, were dissatisfied, more especially as the exceptional treatment of Bengal was continued. Bombay was particularly active in protest, and eventually the Government of India obtained the assent of the Legislature to a distribution of Rs. 50 lakhs of the non-recurring surplus, as a grant for 1925-26 only, to certain Provinces which either would not benefit, or would only benefit slightly by the reduction of Rs. 250 lakhs in the contributions. The resolution passed by the two Chambers recommended that the reliefs given to the Provinces should be devoted mainly to expenditure in the transferred Departments.

I ought not to leave the central budget without placing it on record that for the last two years the Government of India has actively pursued the policy of retrenchment in military and other expenditure recommended by the Inchcape Committee. On the civil side, almost all the recommendations of the Committee have received effect, and on the military side, the retrenchments actually secured almost exactly equal the total specific economies recommended by the Committee. The reduction in military expenditure in the last few years is illustrated by the following figures (in crores of rupees) of net expenditure:—

1922-23	65¼
1923-24	59¼
1924-25 (revised estimate)	57½
1925-26 (budget)	57

The thanks of the country and of this House are due to my noble friend Lord Inchcape for the invaluable services rendered by the Committee of which he was Chairman.

I proceed, my Lords, to add a few observations upon the conditions of trade in this great sub-continent, which is so large a customer of ours at a moment when we need customers wherever we can discover them. India was severely affected by the trade slump which followed the post-Armistice boom. In 1920-21 the adverse balance in merchandise on private account exceeded Rs. 78 crores; in 1921-22, the adverse balance fell to Rs. 23 crores; in 1922-23, the favourable balance, which is a normal feature of Indian trade, was restored, and exports exceeded imports by no less a sum than Rs. 80 crores. In 1923-24 the favourable balance rose to Rs. 134 crores. In 1924-25 there was a happy continuance of the revival of trade, and the favourable balance in merchandise on private account was about 150 crores, which is, unless I am mistaken, a record in the history of Indian trade. It is well known that India normally imports a large amount of precious metals towards the settlement of its trade balance, and last year the net imports of gold and silver were no less than 94 crores. The result of the private trade in merchandise and treasure was that there was in 1923-24 a favourable balance for India of Rs. 86 crores, and in 1924-25 of Rs. 61 crores. This position, a very remarkable one, must largely be ascribed to the fact that the recovery of India's export trade has not been associated with corresponding increase in imports of merchandise. The reasons for the restriction of imports are various. The high prices of imported goods militated against free purchases. Indian exports, on the other hand, consist largely of raw materials for which there has been keen demand. Lastly, the increase in the Indian tariff must evidently have tended towards smaller imports.

The improvement in India's financial position has enabled the Government of India gradually to get rid of its floating debt, which has, in the main, been funded in the process of loan operations over the last few years. In 1923-24 a 4½ per cent. sterling loan of twenty million pounds was placed in this market at an issue price of 90. This represented an advance of £5 on a previous issue price of 90. This again represented an advance of £5 on a previous issue of the same stock in October 1922. Indian credit in this market has been helped by the improvement in her financial position, which has been appreciated in the city as well as by the general factors that have helped here and elsewhere gilt edged securities. No sterling loan was issued in 1924-25, and the budget for the current year has been framed on the fortunate and reasonable assumption that there will be no fresh sterling borrowing. The absence of the Secretary of State from this market is likely to help further the improvement of India's credit here, especially in view of unprecedentedly heavy appeals to the market since the War.

On the Indian side the market has also been moving in favour of Government as the result of the practical extinction of the floating debt and the reduction in the amount which the Government has been compelled to borrow. In 1923-24 for the first time for many years, the Government of India found itself able to dispense with unlimited loans. The amount it borrowed was limited to 24 crores of rupees; in 1924-25 the amount raised by the Rupee Loan was only in the neighbourhood of 13 crores of rupees. This year the budget assumes a Rupee Loan of 12 crores of rupees, but as a matter of fact no new money will be asked for, the loan, of which particulars have recently been published, being a conversion operation only.

I ought perhaps, in any estimate of the present and future material condition of India, to say a special word upon the subject of agriculture. No greater contrast in occupation than that between the people of Great Britain and those of India could well be found. Whereas the former live in vast aggregation in large towns, the latter live scattered in countless communities over the countryside. In England and Wales 80 per cent. of the population is returned as urban; in India 80 per cent., on a moderate estimate, is recorded as rural. Unfamiliar as these topics are to me, I nevertheless venture with almost dogmatic certainty upon the statement that an immense increase is attainable in the yield and therefore in the prosperity of agricultural India. Much has already been done by the Agricultural Department: by loans, by irrigation, by scientific instruction. Nor am I unaware of the difficulties which beset the path of the reformer. He is confronted by the stubborn conservatism of the peasant proprietor; by an infinite splitting up and subdivision of ownership; even by an obstinate disinclination to be taught new ideas or to adopt fresh methods. But making all allowance for all these difficulties, I would desire to make my opinion plain, that a future of incalculable prosperity awaits India if and when she learns fully to realise and to value her agricultural kingdom. This particular subject is, as your Lordships know, a transferred subject. This circumstance does not render a correlated and rational attempt to deal with it more easy; but it has been closely discussed between the Governor-General and myself; and I am not without hope that, during my tenure of office, if I am fortunate, it may be in our power to contribute to its further development a powerful impetus.

I pass now to a general consideration of political condition in India, and here I naturally approach the most important of the discussions which have taken place between Lord Reading and myself. In 1919 a remarkable and extremely bold experiment was made. It was made in the atmosphere of post-war idealism. My predecessor, Mr. Montagu, who was chiefly responsible for this experiment, must, on the whole, accept any censure where it has failed as he is entitled to all the credit where it has succeeded. He died prematurely. As one who at the time was never a particularly enthusiastic, though, of course, I was a responsible, supporter of his policy, I may be allowed, now that he is dead, to pay a tribute of respect and admiration alike to his idealism and to his courage. He was a true friend of India; and his name will not, I believe, be forgotten in that country.

The Act of 1919 was admittedly an experiment. No country in the world has ever been confronted with problems comparable to ours in India. Of the 440 millions of British citizens who constitute the British Empire, 320 millions are Indians. The loss of India would mean a shrinkage in the Empire from 13,250,000 to less than 11,500,000 square miles. Our problem is, in fact, and always has been, one of prodigious difficulty. It is to accommodate the minds of the East to those of the West, or if you prefer so to say it (I have no prejudice in the matter), the minds of the West to those of the East. History can in fact in all its courses afford no parallel for such a partnership.

When the British nation first decisively intervened in India, there was no question of a successful and independent national destiny for this incalculable country. It was in disintegration. It could not have continued to cohere. It was in 1746 that the state of war commenced between Great Britain and France in India from which, in the result, we were to emerge as the supreme Power in Asia. And it was not until the year 1765 that that supremacy was decisively asserted. I am, I believe, making no excessive claim when I lay it down that whatever mistakes have been made in the generations that have followed, the fiduciary obligations which we undertook in relation to the complex peoples of India, embracing as they do a population of 320 millions, practising nine great religions and speaking 130 different speeches, have not been unfaithfully discharged. Certainly it will not be disputed that we have never lagged behind the temporary world standards by which responsibilities of this kind have been measured by those Powers which have found themselves, never indeed in analogous, but sometimes in remotely comparable circumstances. And so it happened, consistently with our habit of keeping abreast with the current of modern thought, that we decided, with the full and deliberate acquiescence of both Houses of Parliament, to make that great experiment which is known as the Montagu-Chelmsford constitution.

It is extremely important that we and others should realise with precision what was done by the Government of India Act, 1919. Its permanent and static effect is unquestionably contained in the Preamble. The Act itself was admittedly fluid and experimental. I shall not feel that I am wasting the time of your Lordships if I ask leave to remind you of the terms of the Preamble. Its language ought to be borne in mind by every instructed critic of our Indian policy and of the actual Indian situation with which I have to deal. These were the words of the Preamble; this is the obligation contained in that Preamble to which, and to which alone, we set our hands:—

> "Whereas it is the declared policy of Parliament to provide for the increasing association of Indians in every branch of Indian administration, and for the gradual development of self-governing institutions, with a view to the progressive realisation of responsible government in British India as an integral part of the Empire:
>
> And whereas progress in giving effect to this policy can only be achieved by successive stages, and it is expedient that substantial steps in this direction should now be taken:
>
> And whereas the time and manner of each advance can be determined only by Parliament, upon whom responsibility lies for the welfare and advancement of the Indian peoples:
>
> And whereas the action of Parliament in such matters must be guided by the co-operation received from those on whom new opportunities of service will be conferred, and by the extent to which it is found that confidence can be reposed in their sense of responsibility:
>
> And whereas concurrently with the gradual development of self-governing institutions in the Provinces of India it is expedient to give to those Provinces in provincial matters the largest measure of independence of the Government of India, which is compatible with the due discharge by the latter of its own responsibilities:"

These words expressed the deliberate and deeply considered decision of Parliament. Conformably with the principles laid down in this Preamble, one Constitution or another might, at one time or another, be attempted. Experience educating us, or informing our critics in India, might induce us to make an amendment here or an advance or a variation there. But the whole message, as we understand it, of our situation in India, with all that it involves in the storied past, in the critical present, and in the incalculable future, is to be read in that Preamble. We shall not be diverted from its high obligations by the tactics of restless impatience. The door of acceleration is not open to menace; still less will it be stormed by violence. But there never has been a moment since the Constitution was adopted in which the Government of India, acting in harmony with the Government at home, has not been vigilantly and attentively considering the spirit in which the present reforms have been received in India. It has indeed been an imperative and urgent duty for my predecessors and myself so to consider them. Wise men are not the slaves of dates; rather are dates the servants of sagacious men.

Developments have been easily conceivable to me—are still not wholly inconceivable to me—in which the acceleration of the date of the Royal Commission might have been recommended even by very cautious statesmen. I should, however, be failing in my duty if I did not make plain my clear and definite impression that the tactics hitherto pursued by the most highly organised party in India could not have been more happily conceived if they had been subtly intended to forward the cause of reaction. A Constitution was given which, whatever its defects, beyond question afforded great opportunities to the politically-minded—if I may adopt a phrase I do not specially admire—among the Indian peoples. The opportunities not ungenerously offered might have been made the occasion of a sincere co-operation uniting the ancient and sophisticated traditions of the East with the more practical experience of the West. I suspect that a really gifted national leader would have used the Constitution, with all its possibilities of extension, in this sense.

No such leader was forthcoming. We have been confronted everywhere by those who are our principal opponents, with a blank wall of negation. They did not say: "You have not given us enough; but we will prove by our use of that which you have given that we are fit for more." And yet such an attitude would have been both sensible, practical and politic. What is ten years in the age-long history of the immemorial East? Our critics took a different line. They said: "We will have nothing whatever to do with your Constitution." Borrowing a quotation which they would perhaps have been unwilling to employ, they almost said "East is East and West is West, and never the two shall meet." They ignored the view, and I think they were profoundly mistaken in doing so, that, strange and apparently incongruous as is the partnership between the two countries, each has much to contribute to the thought and inspiration of the other. The art, the civilisation, the sophistication, the literature and the philosophy of India, though spread over an incredibly wide field and derived from many confluent streams, contain an individual quality to which, in their subtlest elements, Western thought has not attained.

And it is equally true that the practical qualities of the Anglo-Saxon race, harnessed to a very experienced and common-sense outlook upon world politics, brings to the partnership qualities which will not be often found to the East of Suez. Common sense and reason would, therefore, appear to suggest that men of enlightened view in India and in Great Britain should have proceeded upon lines of thought which ought almost—assuming necessary allowances all round—to have proved identical. To talk of India as an entity is as absurd as to talk of Europe as an entity. Yet the very nationalist spirit which has created most of our difficulties in the last few years is based upon the aspirations and claims of a nationalist India. There never has been such a nation. Whether there ever will be such a nation the future alone can show.

One of the greatest anxieties which confronts us in India to-day is the communal differences which divide 70 millions of Moslems from the vast Hindu population. The noble Lord who was my predecessor is indeed mistaken if he finds any signs that these differences have been composed in the last few years. In these dissensions we have kept our hands unsullied by partisanship. If we withdrew from India to-morrow, the immediate consequences would be a struggle *à outrance*—I choose my words carefully—between the Moslems and the Hindu population. I put on one side, for the purposes of this anticipation, the perils obviously afforded by the existence of two or three million turbulent and martial tribesmen, living precariously between the frontiers of India and the borders of Afghanistan.

The actual circumstances being, it seems to me, indisputably such as I have indicated, I have always been puzzled to understand the train of reasoning which passes through the minds of the clever men who have unfortunately made themselves our antagonists in India. There are many such men. I have tried with the greatest sympathy to understand their point of view. I have asked them whether they contemplate the withdrawal at an early date of the British troops from India. I have never found one who advocated such a course. Is there in fact one responsible leader of any school of Indian thought who will to-morrow say: " Commit to us at once the full responsibility; and we will acquiesce at once in the withdrawal of British troops from India "? I do not believe that such a man could be found and if he could, my opinion of his judgment would undergo a swift diminution. I do not speak upon this point without having had many opportunities of founding a conclusion derived from many divergent sources of information. Your Lordships may, I think, take it from me as an almost generally accepted conclusion that an immediate repudiation of our responsibilities in India would be at least as fatal to the interests of India itself as in any year since 1765.

I have thought it desirable by way of a somewhat lengthly preface to make these general observations before I state my view as to the degree in which the Montagu-Chelmsford Act has been a success or a failure. I am bound in such a matter to make my views precisely plain. In common with my colleagues in the Cabinet, I must, of course, accept full responsibility for that great constitutional change. But I may perhaps be permitted to say that I entertained greater doubts upon this reform than some of those with whom I co-operated. For this reason I am of all people specially bound to attempt an honest and impartial review of the working of the Act. I myself was always very distrustful of the diarchical principle. It seemed to me to savour of the kind of pedantic and hide-bound Constitution to which Anglo-Saxon communities have not generally responded, and which in my anticipation was unlikely to make a successful appeal to a community whose political ideas were, thanks in the main to Macaulay, so largely derived from Anglo-Saxon models.

I am obliged, therefore, to address myself candidly to the question: " Has the Montagu-Chelmsford reform succeeded, or has it failed?" My Lords, I cannot say that it has failed. It has been exposed to every cruel mishap which could befall a new Constitution, freely conceived and generously offered. Most of the popular leaders in Indian life have abused and defamed it. It has never been given a chance. Mr. Montagu undoubtedly looked, and surely he was entitled to do so, to those who cherished the most sanguine expectations of Indian political capacity to co-operate in his great task. These expectations were not realised. The critics of Indian capacity for self-government would indeed have been helpless had wiser counsels prevailed in India. Suppose, for instance, that judicious and sagacious co-operation had been exhibited by the leaders of Indian thought. Does any one imagine that reactionary critics of those reforms in this country could in that event have retarded the chariot of progress? Had that which was given been used with cheerful goodwill to justify the gift of that which was still sought, the task of acceleration would have been easy indeed. Unfortunately, the leaders of Indian thought contributed a different bias; and the most highly organised political party in India wasted its energies upon the futile attempt to destroy that which we had conceived, at least in its first fruits, to be a generous experiment.

But not all the resources of a very adroit and sophisticated party have availed to destroy this experimental Constitution, and indeed, I, who was prepared to curse, upon the balance of the whole matter find myself almost inclined to bless. These general observations, very necessary to be borne constantly in mind, lead me to inform your Lordships more closely of the results of the working of the new Constitution. We are aided in the task of attempting a general survey of its workings up to the present in different parts of India by the reports which have recently been presented by the Governments concerned. In the main I accept and am prepared to justify and defend them.

In Madras the transitional Constitution has worked with a great measure of success. Ministers have used their influence to steady public opinion and feeling, and have displayed a general moderation and no small measure of statesmanship. The Governor in Council has stated that if an earnest endeavour to work on constitutional lines is a qualification for political advance, the Madras Presidency has shown itself fitter for an advance than any other province. It is not my wish or concern to dispute that claim.

In the present Council of Bombay, the Swarajist Party is the strongest in numbers, but does not command a majority, and it is pledged to a policy of refusal of political responsibility. The Ministers were, therefore, selected from the smaller groups, a circumstance which must obviously be a source of weakness. Lacking sufficient support from their followers, they are driven to lean precariously upon the official vote, and so the distinction between the two halves of the Government has been almost completely obscured. The Bombay Government has recently pointed out that the main object at present must be to strengthen the position of the Ministers and to encourage the organisation of parties.

In the first Council elected in Bengal, progress was made and some solid achievements were recorded. The Government claims with justice that Ministers were able to influence a sufficient number of the Members to make it possible, with the aid of officials, to carry through a considerable amount of useful legislation. The second Council contained a large and influential body belonging to the non-co-operation party, which is pledged, of course, to prove that the present Constitution is unworkable. This body was joined by the Independents, and the combined party commands more than 60 votes in a House of a total strength of 140. The possibility is by no means to be excluded that at the next General Election there may be a return of an absolute Swarajist majority, taking office with the avowed intention of wrecking the Government from within. The Government points out that the Constitution requires to be specially considered from the point of view of giving the Executive power to deal with obstruction.

Since this Report was framed by the local Government, the Bengal Legislative Council has very plainly indicated that it prefers to dispense with Ministers and the diarchic Constitution. Accordingly, the Government of India and I had no option but to suspend the transfer of subjects in that Province. Your Lordships will not fail to observe that whether the Constitution was good or whether the Constitution was bad, it had at least plainly contemplated the very contingency which has in fact happened, and whether it is a weak point of the Constitution or whether it is a strong point that has assumed the limelight in Bengal, those who framed the Constitution are at least entitled to point out that the Constitution still shows the reserve of strength with which it was endowed at the time it was drafted.

The Government of the United Provinces say that it is constantly alleged by their enemies and critics that the reforms have failed. If this means that the Constitution has definitely broken down they absolutely deny the statement. Since the collapse in its original form of the non-co-operation movement, it is claimed that the internal conditions of the Province have steadily improved, and except for the tension between Moslems and Hindus—which has nothing whatever to do with the Constitution—there is nothing to cause the Government serious anxiety. Forty-seven millions of people in these Provinces are living peaceably under an ordered and progressive administration, and are probably more prosperous than their predecessors have ever been. The reformed Constitution has failed, it is true, to satisfy alike the Swarajists and the Liberals, and this constitutes some small cause for anxiety. The Governor in Council, in words quoted by the noble Lord who moved, has, it is true, placed it on record that, in his opinion, the diarchy is a cumbrous, complex, confused system having no logical basis, rooted in compromise and defensible only as a transitional expedient. My Lords, I have said enough to make it plain that whatever other controversies may separate the noble

Lord and myself this will neither be one of the most bitter nor the most protracted.

In the Punjab the working out of the scheme has driven the two main communities, Hindu and Mahomedan, into open dissension. This is an extremely interesting local development. It has unquestionably aggravated and rendered more bitter their communal differences, and it has further developed an acute antagonism between the urban and rural interests. There is not as yet, in the view of the Government, evidence of the existing of a thinking and selective electorate in the districts capable of exercising its vote on considerations of policy. Here, too, the diarchial scheme has produced considerable anomalies, and it cannot, I think, be plausibly claimed that so far the Punjab afforded a suitable field for the introduction of such a divided responsibility. So far, Ministers willing to co-operate with the Executive have been found who have been supported by a party which has not attempted to force them into an extreme position.

In Burma, the reforms were introduced two years later, as your Lordships may recall, than in the other Provinces in India. Less than seven per cent. of the electorate voted at the only General Election held, and this was boycotted by the extremists. During the eighteen months in which the reforms have been in operation hardly any difficulties have been experienced, and hardly any defects discovered in the working of the Constitution.

I have almost finished this category, but I think your Lordships will agree that it is important. The Government of Bihar and Orissa said that one may search in vain for signs that three years of the reforms have educated the electorate to the meaning of an election and the business of a legislature. In many districts the reports of the presiding officer declared that a large proportion of the voters did not know the name of the candidate for whom they voted, but had only been told the colour of his box. The Government includes amongst the causes which have contributed to the non-success of the reforms, the failure to create a ministerial party prepared to support the Ministers in carrying out a definite programme. The Council still remains divided into two parties, official and non-official. Where the issue is not an anti-Government one Ministers have their following in Council, but they cannot bring this to bear on political conditions and cannot therefore assist Government in times of difficulty. The local Government adds that there is very little that can be done to smooth the working of diarchy, or to eliminate administrative imperfections.

The Central Provinces Government say that the value of the experiment in responsible Government during the first Council was weakened, first, by the lack of connection between the Members and their constituents, secondly, by the absence of any Party organisation which would have made the responsibility of Ministers to the Council effective; and, thirdly, by lack of funds. The fair measure of success in the working of diarchy, which, in their claim, was achieved, was due partly to the moderation of the Council, and partly to the efforts made to work the scheme by the Members of Government and the permanent services. Here also the Province is for the time being without Ministers, but I am not without hope that their appointment may shortly be found feasible.

In Assam the Governor in Council sums up the difficulty of working the Constitution as due, firstly, to the existence of a section of public men, considerable enough in numbers and ability to influence the Council, which is actively hostile to the present Constitution, and declines to work it; and, secondly, to the financial difficulties which have precluded the local Government from undertaking any activities other than those of carrying on the essential administrative functions on pre-existing lines. The Ministers have thus no convincing answer to the cry of their opponents that the reforms have bestowed no benefits on the electors.

Enough has been said to satisfy my present purpose—which is to show that no short or dogmatic answer can be given to the question; has the Constitution succeeded? It has neither altogether succeeded, nor has it altogether failed; and it must further be noted, by way of additional qualification, that where it has succeeded the price of success has been, at some stages and in some districts, a considerable inroad upon the diarchical principle. I have not thought it proper to discourage such tendencies, holding the view that the whole matter was experimental, and afforded an opportunity to each province to work out its constitutional salvation in its own way.

What, then, is it possible for me to say, at this stage, of the future? The wisdom of Parliament declared that, after the period of 10 years, the Montagu-Chelmsford Constitution should be reviewed by a Royal Commission. It will undoubtedly require such revision; and it cannot be too plainly stated that everything will necessarily be thrown into the melting pot. Diarchy itself is very obviously not a sacred principle. It must be decided by results. The conception was always doctrinaire and artificial. A great measure of success may justify it, where a smaller would not.

And now I apply myself more closely to a subject which has caused much speculation, and provoked at least an equal degree of agitation—the date of revision. To those who framed the reforms, ten years appeared to be a reasonable period for review; and in determining what was a reasonable period for the purposes of revision, it seems unnatural to suppose that Parliament presciently anticipated the very unreasonable campaign of non-co-operation which has done its best to wreck the Constitution altogether. Even assuming co-operation, it was thought that a period of ten years would be required to afford the data for reliable conclusions and generalisations. But I do not hesitate to make clear my own view that it was not the intention of the Legislature to attempt to shackle succeeding Governments, if a spirit of cheerful and loyal co-operation was generally exhibited on the one hand, or if upon the other, grave and glaring defects disclosed themselves. It would, indeed, have been an assumption of omniscence alien to the Anglo-Saxon tradition, for Parliament to assume so high a prophetic gift as to declare that in no circumstances should the date of the Commission be accelerated. In fact the door was never closed; it is, on the contrary, open to-day; but the condition is clear and precise. There will be—there can be—no re-consideration until we see everywhere among the responsible leaders of Indian thought evidence of a sincere and genuine desire to co-operate with us in making the best of the existing Constitution.

The Swarajist Party has, in my opinion, most unhappily so far thrown its powerful weight into the other scale. Along this road there is no progress. That party has recently lost a capable and energetic leader, who commanded great support, and made many sacrifices for a cause in which he profoundly believed. But I should fail in my duty if I did not make it absolutely plain that the advice which he gave to his countrymen was throughout unhappily conceived. It may be—I dare attempt no prediction—that his untimely death will even now afford an opportunity of reconsideration. It has been the habit of the spokesmen of Swarajist thought to declare in anticipation that no Constitution framed in the West can either be suitable for, or acceptable to, the peoples of India. It has always seemed to me that a very simple answer may be made to such a contention. We do not claim in Great Britain that we alone in the world are able to frame Constitutions, though we are not altogether discontented with the humble constructive efforts which we have made in this field of human ingenuity. But if our critics in India are of opinion that their greater knowledge of Indian conditions qualifies them to succeed, where they tell us that we have failed, let them produce a Constitution which carries behind it a fair measure of general agreement among the great peoples of India. Such a contribution to our problems would nowhere be resented. It would, on the contrary, be most carefully examined by the Government of India, by myself, and I am sure, by the Commission, whenever that body may be assembled.

I gladly recognise that the so-called Liberal Party in India, neither inconsiderable in numbers nor lacking in the leadership of enlightened men, has refused to associate itself with the ill-starred course of non-co-operation. It is still possible that this party, perhaps to be gradually reinforced by fresh moderate elements, may play a great part in the Constitution fashioning of the future. I pass at this point by a natural transition to the Muddiman Report, a subject to which the noble Lord (Lord Olivier) devoted a great part of his observations. The obligations of the Government must be admitted to the experienced men who contributed so much labour, and produced so competent a Report. We do not anticipate—for reasons which I have already made plain—that we shall be able, as the noble Lord desired, to accept the Report of the Minority at this stage. The problem of provincial autonomy has not indeed been adequately thought out by those who are to-day pressing it so strongly upon our attention. Provincial autonomy contemplates the complete transfer to all the Provinces of law and order; and it would render necessary far reaching changes in the Central Government of India which I have never yet seen closely analysed, and very rarely even cursorily examined.

The noble Lord (Lord Olivier) certainly to-day attempted neither analysis nor examination.

It is rather on the lines recommended by the Majority that any immediate action must be taken. As I have already said, we must await the formal views of the Government of India on this matter; but it will certainly be the desire of His Majesty's Government to go as far as possible in carrying out the proposals which the Government of India may make after discussion in the Legislative Assembly. Many of the recommendations of the Committee can be carried out by regulation, and do not require an Act of Parliament. There need be no delay in making these changes. In those cases where legislation is required the matter will be appropriately dealt with as and when opportunity offers.

I ought next, my Lords, to make a few observations upon a subject which has greatly exercised Indian speculation, namely, the so-called Indianisation of the Army. An essential factor in India's advance towards responsible Government is, to Indian minds, the possession of a national army. We can all see why, and we can all understand and appreciate Indian aspirations. But here again we are in the region of experiment, and of very delicate and dangerous experiment. The method which has been adopted is that of the complete but gradual Indianisation as an experiment of eight units. It is criticised as being both slow and limited in scope. The process must indeed necessarily be slow—the length of time which it ordinarily takes the British officer, if he is fortunate, to reach the command of his regiment is twenty-five years, and there is no reason to expect that an Indian officer will take a shorter time. And the experiment is necessarily limited in scope if only by reason of the paucity of material. For, apart from the fact that we cannot afford to risk in any degree lowering the efficiency of our small Indian Army, on which the security of India depends, at present we have difficulty in finding enough Indian cadets up to Sandhurst standard to provide subalterns even for these eight units. We are doing our best to remedy this. The Prince of Wales' Military College at Dehra Dun is beginning to produce boys of a more promising type; and the Government of India have recently appointed a Committee, under the presidency of the Chief of the General Staff, to examine the whole question of training for the Army. They may recommend the creation of an Indian Sandhurst, and if they do we shall consider their recommendation with every desire to do what may appear necessary to make this experiment of Indianisation a success within its limits. But until it has been shown to be a success within those limits, it is not our purpose to go beyond them. How could we? An Army exists after all for the purpose of fighting, and if we could not get eight units that would fight efficiently, what would be the use of trying sixteen? No sane Government will allow its Army to become the toy of political parties.

I know that some Indian politicians dislike this particular experiment on the ground of what they call the "segregation" of Indian officers in these eight units, as though some idea of inferiority were involved in it. The complaint comes ill from those who criticise the slowness of the experiment. For what is the advantage of concentrating Indian officers in these units? Just this, that the test being whether a completely Indianised unit is as good as any other—the sooner we create completely Indianised units the sooner we shall know whether the experiment has succeeded or not. And is not that exactly what the politicians themselves want? One would almost think that those who complain of "segregation" are not so sure as they sometimes seem that the experiment will succeed, and shrink from the conclusive test—

"He either fears his fate too much
Or his deserts are small,
Who dares not put it to the touch,
To win or lose it all."

But I do not wish to appear unsympathetic. I am not so. We are doing our best. No one did more for India in this matter than the great Commander-in-Chief whose loss we have recently been lamenting, and I adopt his words:—

"We are experimenting with the Indianisation of eight units of the Army. The experiment must be carried through. It may succeed or it may not. That remains to be seen, but, whatever happens, the experiment must be tried out, and not plucked out by the roots to see how its growth is progressing . . . India must have the best and nothing but the best for the foundations of her future Army."

And now I pass to the position of the Services. I do not want to say very much about this—it will be one of the subjects for the Royal Commission when the time comes. But there is an aspect upon which I must touch. One of the objections to the present Constitution which is most constantly put forward is that Ministers are prejudiced in their task by the fact that not all the services which are the instruments of their policy are under their control, and that the Bill now before Parliament tends towards accentuating this difficulty. I should be the first to welcome signs that the provisions in the Reforms Act, which reserved to the Secretary of State a considerable measure of direct responsibility for the Indian Services, even in the transferred sphere, were unnecessary, for they would be the best indication that Indian political opinion has realised the vital necessity to the well-being of any form of government of giving public servants general support and encouragement in the fulfilment of their duties. Unfortunately such signs are still all too rare, and until public servants, both English and Indian, can feel in India, as they can elsewhere, that unfair and captious criticism of their actions will be neither voiced nor tolerated by responsible public opinion, the reservations in support of the services contained in the Reforms scheme will unfortunately remain justified and necessary.

I have already discussed in this House a revolutionary outbreak in Bengal which, in my judgment, rendered the adoption of exceptional repressive measures essential. These measures have not failed in their effect. The local situation is being constantly and vigilantly watched, and when the general interest and safety of the community justify relaxation, such relaxation will not be withheld. But that moment has not yet come. I ought to make a passing mention of that unhappy efflorescence of communal difference which has occasioned increasing anxiety in many parts of India. These disturbances, troublesome and grave as in some districts they have been, serve as a reminder that Indian problems are not so simple as is sometimes superficially imagined. The presence in India of 70 million Mohammedans, martial in their traditions, and virile in their qualities, contributes an immense complication to difficulties already incalculably great. This situation is being most closely watched both by the Government of India and in my Office.

I add next a word on the subject of the great Ruling Princes of India. Their generosity, their loyalty and their courage have been proved on many a stricken field, and need no eulogy from me. Their rights in the majority of cases are stated and consecrated by solemn treaties. Whatever changes and developments the future may bring with it, we shall never fall short in our obligations to those who have shared our perils and never despaired of our Imperial destiny.

I must add a very brief observation upon a matter of great consequence which has caused, and continues to cause, me grave anxiety. I refer to the conditions in which many Indian citizens of the Empire live in various parts of His Majesty's Dominions other than India. The subject is notoriously delicate, and one must avoid indiscreet or unskilful language in relation to it. But I may, I imagine, without offending any interest which I am bound to consider, ask other parts of the Empire to remember how profoundly this problem affects relations between the Empire and India. I know their difficulties. No one, I believe, knows them better. I do not ask more than that, in every measure which they take, they should exhaust every effort to avoid such a discrimination as must deeply wound the ancient and dignified peoples of India.

And now, my Lords, my task is nearly ended. I have had the advantage during the last few months of constant discussions with my noble friend the Governor-General. Let me take this opportunity once for all of expressing the obligations under which I myself, and indeed the whole country, are to His Excellency. His prudence, his circumspection, his judgment, his patience and his courtesy, have all been exhibited upon a stage which demanded these very qualities at this very time. He has supported without dismay the burden of many anxieties; and has maintained a high and serene composure in the face of many and various antagonisms. I sincerely hope that he will return to complete his task, strengthened and re-created in health.

I cannot affect to believe that the contents of this speech, to which your Lordships have listened with so much patience, will bring satisfaction to those elements in India which are determined to remain dissatisfied. But I would nevertheless remind them that while we have obligations in respect of the voters, who numbered only some 8½ millions at the last Election, we have also obligations in respect of the 250 millions in British India, of whom we are the responsible guardians, and in a less degree in respect of the 70 millions in the Indian States. While, as we survey the strange history which has associated two peoples so different in origin, in civilisation, and in religion, we are conscious of many errors of judgment and even of some occasional acts of wrong, we are nevertheless bold enough to claim that, in fair perspective, we have not been the unworthy trustees of the charge which we undertook so many generations ago. We have brought to this gigantic task an unstinted devotion. Many a nameless hero has spent his strength and flung away his life in grappling with the hideous spectres of famine and disease. Many an illustrious Viceroy, as the stately pages of Lord Curzon's book remind us, has mortgaged too deeply in this same task his vital resources.

The terms of the Preamble are even now not incapable of realisation. But we must first expel and exorcise the demon of suspicion. We ask the Indian people to-day, with the deepest sincerity, for good will and for co-operation. But while it is an object close to our minds to create this atmosphere, I should be guilty of disingenuousness if I painted at this moment the prospects in colours too vivid or too sanguine. I am not able in any foreseeable future to discern a moment when we may safely, either to ourselves or India, abandon our trust. There is, my Lords, no "Lost Dominion"; there will be no "Lost Dominion" until that moment—if ever it comes—when the whole British Empire, with all that it means for civilisation, is splintered in doom. It is our purpose resolutely, tirelessly, and wholeheartedly, to labour for the well-being of India as our ancestors have laboured throughout the generations. For that purpose, we desire, and we request good will; nor shall we be niggardly bargainers if we meet with the generous friendship which is near and dear to our hearts. We no longer talk of holding "the gorgeous East in fee"; we invite in a contrary sense the diverse peoples of this continent to march side by side with us in a fruitful and harmonious partnership which may recreate the greatest and the proudest days of Indian history.

APPENDIX V.

THE HON'BLE MR. V. J. PATEL'S SPEECH, DATED 22ND AUGUST 1925.

Gentlemen, I thank you most sincerely for electing me to this Chair. I thank you again for the kind words that you have spoken this morning and for the best wishes that you have expressed. I frankly confess, gentlemen, that the feeling uppermost in my mind just at this moment is that it will be difficult for me to carry on the duties of this office after having been engaged for 12 or 15 years in public activities. But I assure you that I have accepted this office with high hopes and fully realizing the implications involved therein. I had to consider, in my mind, whether I would be more useful to the cause of my country by remaining a non-official Member of this Assembly or whether I could serve my country as usefully by accepting this Chair if you offered it to me. Before I made up my mind to stand as a candidate, the decision of this question worried me for days and nights, and ultimately I came to the conclusion that I would be serving the cause of my country better by the choice I have made and therefore I accepted it. The Swarajists are often described as critics, destructive critics: and it has therefore become their duty, whenever an honourable opportunity offers, to show not only to this House but to the whole world that, if they know how to destroy, they know also how to construct. They have to show when real responsibility comes to them that they are ready to discharge the duties placed upon their shoulders. You know, gentlemen, that His Excellency the Viceroy was good enough to plead for co-operation for the new President from all sections of the House; my predecessor, to whom we just bade good-bye, also pleaded for such co-operation. May I also appeal to every section of this House for the same co-operation? When I ask for co-operation, Gentlemen, I assure you that I am conscious of the fact that it cannot be one-sided. Co-operation is always mutual; and I particularly ask the official Benches to bear this in mind that when I appeal to them for their co-operation, I am ready in every sense of the term to extend my co-operation to them. (Cheers.) The principles which will guide me in the discharge of my duties have already been expressed by me in my letter to the Members of the Assembly. I should have liked to read out those words now, but I am sorry I have not got them with me. In the discharge of my duties, I shall, I assure you, observe strict impartiality in dealing with all sections of the House, irrespective of Party considerations. (Cheers.) From this moment, I cease to be a Party man. I belong to no Party. I belong to all Parties. (Hear, hear.) I belong to all of you and I hope and trust, my Honourable friend, the Leader of the Swaraj Party, will take immediate steps to absolve me from all the obligations of a Swarajist Member of this House, if, indeed, it has not been done by implication in consequence of my election to this Chair. (Cheers.) Misgivings have been expressed in some quarters, fears have been entertained, that I would not meet the Viceroy, that I would do this, and that I would do that. I assure you, friends, that I am going to do nothing of the kind. If the duties of my office require me to see the Viceroy ten times a day, I am here to do so. If for the discharge of my duties it is necessary that I should see every official Member of this House, I will meet him. None need have any doubt about it, and none need have any apprehensions about it. Once again, let me thank you for the co-operation that you have promised in the discharge of my duties. (Cheers.) I will now ask Honourable Members to come up and shake hands with me.

APPENDIX VI.

His Excellency the Viceroy's Speech, dated 20th August 1926.

Gentlemen of the Indian Legislature, after a considerable separation from you—a separation on this occasion to be measured not only in point of time, but also by distance in space—it gives me special pleasure to meet you, the Members of the Indian Legislature, once more and to welcome you to the labours of another Session. My first endeavour must be to gather up the threads of administration in India and to mention a few of the topics which have been engaging attention during my absence, or which are likely to occupy, your interest in the immediate future. It is a source of gratification to me that in my absence no anxious crisis arose in India, and that the administration was carried on smoothly and efficiently under the capable guidance of His Excellency Lord Lytton.

But though the Ship of State has been sailing in calm waters, the hand of death has lain heavy in recent months on the friends of India, both English and Indian. Within the last year, and within a few months of each other, two Englishmen—Mr. Montagu and Lord Curzon—whose names will endure conspicuous in the roll of the great English statesmen who have loved India and devotedly served her—one as Secretary of State, the other as Viceroy—have passed away. They approached Indian problems not always from the same angle of vision. I had the advantage of many discussions with them before I left for India. They were of the greatest assistance in preparing me for the duties of my office. They were the last to bid me good-bye when I first set out for India. Alas! they were both absent from the circle of friends to greet me on my return. More recently the death of two distinguished Indian political leaders—Mr. Das and Sir Surendranath Banerjea—both men of marked personality, intellectual capacity and energetic patriotism, though of different views, has left India in mourning. We have to mourn too the death of the Maharaja Scindia of Gwalior, one of the greatest of Indian Princes, a wise ruler and a true patriot whom I was proud to count among my friends. I pay also my tribute of regret for the death of two Members of the Legislature—Khan Bahadur Shams-uz-Zoha and Sir Leslie Miller.

And last I must mention the loss which has befallen me and my Government—nay more, India and the Empire—in the sudden and tragic death of the late Lord Rawlinson, one of the most eminent soldiers who have served this country in the high office of Commander-in-Chief. There is no need for me to repeat to you on this occasion the story of his military achievements; his fame as a soldier, both in peace and war, is far extended and will long endure. But it is fitting that I should take this opportunity of commemorating the special service which Lord Rawlinson rendered to my Government, and to India, through his qualities of sympathy and breadth of outlook, and through his prudent and efficient administration of the military services of this country. Members of both Houses of the Legislature will moreover recall many occasions on which they received at his hands the most distinguished consideration. It was ever his desire to satisfy their interest in, and increase their knowledge of, the Army and Army Administration. It is especially true to say that in all his work as Commander-in-Chief and as Member of my Executive Council his constant aim was to secure that which he sincerely believed to be the best both for the India of the present and the India of the future. I deeply mourn the loss of a personal friend and comrade.

> "The Souls of the righteous are in the hands of God,
> There shall no torment touch them."

When Lord Rawlinson died, his successor, Field-Marshal Sir William Birdwood, though already designated, was not in India, and in such a situation my Government were fortunate in that they could for the time being command the services of General Sir Claud Jacob, of whom it is sufficient to say that his fitness to fill the breach rested upon 42 years' service in the Indian Army, the high reputation as a Commander of troops which he gained during the Great War, his still recent experience as Chief of the General Staff in India, and last but not least upon the respect and confidence in which he is deservedly held throughout the Army in India. To-day it is my privilege and pleasure to extend a cordial welcome to Sir William Birdwood who in the last few days has returned to India and assumed his high office. He is the first Commander-in-Chief in India to hold at the same time the exalted military rank of Field-Marshal, a distinction which he has earned by services to the Crown of an exceptionally high order, both in India and elsewhere. Sir William Birdwood is, however, so well and widely known as to stand in no need of further recommendation from me. I welcome him also as a colleague in my Council and wish him good fortune and good guidance in the discharge of the responsible duties upon which he has entered.

Gentlemen of the Legislative Assembly, in pursuance of the provisions of the Government of India Act, you have been called upon, for the first time, to elect your President on the 22nd day of this month, and it is therefore fitting for me on this occasion to express my own and my Government's appreciation of the services which have been rendered, not only to the Assembly, but also to the Provincial Legislative Councils throughout India, by the first President of the Legislative Assembly. The Legislative bodies as established under the Government of India Act were so different in their composition from those set up under earlier Acts of Parliament that it was thought right to make provision for a President who should be indubitably independent of the Government, a person clear of all possible suspicion of being even unconsciously biassed in favour of Government. At the same time it was recognised that on the standard set by the first Presidents of the different Legislative bodies, and more particularly on the standard set by the first President of the Legislative Assembly, the future of the Assembly and of the Legislative bodies in the Provinces would greatly depend. It was essential that the first President of the Assembly should be a man liberally versed not only in the written rules, but also in the unwritten tradition of the Mother of Parliaments, so that, in the time allotted to him by the Statute, he might establish in this Assembly a high standard of public order, a true appreciation of the dignity and responsibilities of the Chamber, and a perfect confidence in the rigid impartiality of the Chair, and further that he might foster in every Member of the Assembly a deep sense of regard not only for the rights, but also for the feelings of every other Member of the Chamber, a sense of regard which should remain unaffected even in the extreme heat of party controversy. Gentlemen, to my great regret it has not been my privilege to attend your proceedings in person, but in addition to your printed proceedings, a daily report reaches me of your doings, and alike from these sources and from the testimony of official and non-official Members of this Assembly and also of the distinguished visitors from many parts of the world who have witnessed your proceedings, I am able to say with confidence that Sir Frederick Whyte has discharged to the utmost the very heavy responsibilities laid upon him as first President of the Legislative Assembly, and I welcome this opportunity of tendering to him my thanks and the thanks of my Government for his very notable achievement. If I may be allowed to offer advice to his successor, it is that he hold fast to the tradition which has been established for your Chamber by your first President, and to this end I ask you gentlemen of the Assembly to give to your new President in his difficult task the generous co-operation which you have always accorded to your first President.

I pass now to a brief review of the affairs of India. I am glad to say that our relations with neighbouring States remain cordial and that no questions of importance are outstanding. I wish I could report an equal absence of controversial matter in regard to the position of Indians in South Africa. At the moment I should not be well advised to say more than that my Government is watching the situation closely and is still in communication with the Government of South Africa.

In internal affairs we have been faced recently with some industrial depression. Fortunately this has not been associated with any failure of Indian harvests, and exports have been well maintained. The depression in Indian industries appears to be a phase of a world-wide movement. Throughout the world industries are experiencing the difficulties of adjusting themselves to the new post-war conditions. India could not expect to escape. India has in fact been fortunate that this change has not come to her so quickly or so severely as in many other countries, and owing to a succession of good harvests there is a reserve of buying power in the country. Nevertheless the process of adjustment is difficult and the condition of several of these industries will come before you. Public attention has recently been directed to the great cotton mill industry which after a period of unexampled prosperity and expansion is now experiencing a reaction. My Government has been watching the position closely, and I have consented to receive a deputation early next week from the mill-owners of Bombay and Ahmedabad. In the circumstances I will reserve any further observations. Four reports by the Tariff Board, marked by that thoroughness which I have learned to expect from its work, have been published, and the conclusions of my Government on three of them have been made public. A fifth report dealing with steel has just been received and proposals in regard to it will be placed before you in the course of the Session. You will also be asked to consider a Coal Grading Bill framed on the recommendations of the Coal Committee and designed to rehabilitate Indian coal in overseas markets.

My Government, while giving due attention to industries in the restricted sense of the term, are determined, so far as circumstances permit, not to neglect the interests of what is really the greatest of all Indian industries, namely, agriculture. I know from my discussions with the Secretary of State that my Government can rely upon his most cordial support of this policy. The direct responsibility of the Government of India for agricultural development in the Provinces ceased with the inception of the Reforms. In view, however, of the paramount importance of agriculture as the basic industry of the people of India, of the improbability of Provincial Governments being in a position to undertake research on the scale required and of the necessity for co-ordinating activities in the wide field of agricultural development, the Central Government must continue to play an important part in agricultural progress. Their present agricultural policy is mainly directed to fostering research and undertaking work which is outside the normal ambit of Provincial activities by reason of its all-India character. With the improvement this year in our finances we have been able to increase very considerably our activities in the sphere of agriculture. The Agricultural Institute at Pusa is expanding its work of research, which is the basis and condition of all progress. That work has already borne remarkable fruit. New varieties of crops (I would instance sugarcane and wheat)—the product of careful research and experiment in our laboratories and experimental farms—have added within the past few years crores of rupees to the wealth of the agriculturist, and these achievements point the way to still more wonderful possibilities. Agriculture in India must in the main depend on cattle for its motive power, and what is of vital importance is not an increase in the numerical strength of cattle, but an improvement in quality. This problem is being steadily attacked from more than one angle in the cattle-breeding and dairy farms under the Government of India.

But apart from direct activities I conceive that one of the most important functions of a Central Government in respect of a great all-India interest is to facilitate the co-ordination of Provincial effort. My Government have for some time past had under consideration a proposal for the establishment of an all-India agricultural organisation which would help towards co-ordinating the activities of the various Provincial Departments of Agriculture, promote research, agricultural education, co-operation and other established aids to agriculture and serve as a medium for agricultural propaganda throughout the country. With the object of obtaining the views of representative and responsible authorities from all parts of the country before a definite scheme is formulated, it has been decided to refer this proposal to the Board of Agriculture at its next meeting, which will be held at Pusa in December of this year. It is hoped that, in addition to the regular Provincial representatives, Ministers of Agriculture of the various Provinces will also be able to attend on this important occasion.

The action taken by my Government on the report of the Civil Justice Committee presided over by Mr. Justice Rankin will be a matter of interest to you. I have no doubt that many of you have studied that report and recognise the wide extent of the ground it covers. Many of the recommendations can be put into effect by Local Governments, High Courts and the presiding officers of the Courts of justice throughout the country. In some cases we have decided to reduce the proposals of the Committee to the concrete form of Bills which will come before you during this Session. In others we have addressed Local Governments and High Courts, and shall prepare Bills for your consideration after we have received their opinions. I have mentioned before the great importance which I attach to the work of this Committee and the value of the reactions which must follow on improvements in the machinery for the administration of civil justice. I wish now to express my high appreciation of the work which has been performed by the Chairman and members of the Committee and by the co-opted members, non-official as well as official.

Last January I announced that, in view of the opinion expressed in the Assembly regarding the need of an economic inquiry, my Government had decided to appoint a small Committee to report on the material which exists for holding an inquiry into the economic conditions of the people of India, the feasibility of instituting an inquiry of this character and the manner in which it could be carried out. This Committee has been at work during the last few months under the Chairmanship of Sir M. Vishveshvaraya and has just completed its report which is now in the press. It is the intention of Government to publish the report at an early date, and the Committee's recommendations will be examined without delay. I must express my appreciation of the expedition with which the Committee have dealt with this complicated subject.

When I addressed you last I dwelt at some length on the difficult questions of currency and exchange, and I announced the intention of Government to appoint an authoritative Committee to consider the subject of the rupee exchange as soon as world economic factors appeared sufficiently stable to justify formulation of a new policy. Since that time, although conditions are in some respects still obscure, there has been one event in this field of outstanding importance, namely, the return of England to the gold standard. With the return of sterling to a parity with gold there is fulfilled one of the most important conditions requisite for a fruitful re-examination of our Indian problems.

The position has been considered in consultation with the Secretary of State, and I am now able to announce that His Majesty the King has approved the appointment of a Royal Commission on Indian Currency. The terms of reference to the Commission will be—

> "To examine and report on the Indian exchange and currency system and practice; to consider whether any modifications are desirable in the interests of India, and to make recommendations."

It will be seen that the terms of reference are wide enough to admit the consideration of all important questions of currency policy, and that the membership of the Commission also ensures adequate representation of Indian opinion. I am glad to inform you that the Right Honourable Hilton Young will act as Chairman, and the following gentlemen have consented to serve as members of the Commission:—

Professor J. C. Coyajee,
Sir Maneckji Dadabhoy,
Sir Reginald Mant,
Sir Rajendra Nath Mukherji,
Sir Alexander Murray,
Mr. W. E. Preston,
Sir Henry Strakosch,
Sir Purshotamdas Thakurdas, and
Sir Norcot Warren.

The Joint Secretaries will be Mr. Aiyar of the Indian Finance Department and Mr. Baxter of the India Office. It will be apparent that every care has been taken to obtain an independent and impartial examination of this important subject. The Commission will, it is expected, commence work next October.

There is one other important inquiry to which I must refer. The Government of India recently appointed a Committee which has come to be known as the Indian Sandhurst Committee. The investigations of the Committee will embrace, not only the whole subject of the best and most suitable means of training Indians to hold worthly and efficiently His Majesty's Commission, but also the question of what measures should be adopted in order to attract the best type of Indian youth, in greater numbers than are at present forthcoming, to a military career. I attach great importance to the enterprise upon which the Committee are embarking. If they are successful, it may be said that they will, to the extent of their achievement, help India forward in the path of progress. The Committee is widely representative of different branches of Indian opinion, and I am glad to note that in this important inquiry we shall have the assistance of the leader of the Swarajist Party. I must express gratification that he is prepared to contribute to the elucidation of the problems involved, but I should not think of seeking to press the implication of his action further than he himself wished. His own statement of the reasons for the course he has adopted should in my judgment preclude any more extended inferences.

The establishment of a Public Service Commission is being actively pursued in correspondence with the Secretary of State, and I have every hope that it will shortly be possible to make an announcement detailing its functions, its constitution and its *personnel*. I am aware that great importance is attributed to the Commission both by the public and the members of the Public Services. I believe that it will confirm for the Services that sense of security in the conscientious discharge of their duties to which they are justly entitled, and that it will provide an independent and impartial tribunal for the examination of grievances. I believe also that it will be a visible and concrete guarantee of the principle, on which all good government is founded, that the ultimate object of administration is the interest of the State and the service of the public.

Among other matters of importance with which my mind was naturally much pre-occupied at the time of my departure for England, though even then I recognised and welcomed tendencies of a happier augury, was the situation relating to the religious endowments of the Sikh community, and the various issues connected with it; and during my absence I watched the progress of events with keen and sympathetic interest. It is a matter of great gratification to me that, on my return, I find that the hope of improvement in the situation has been realised or is in a fair way to be realised. During the whole course of the events and controversies which have engaged public attention and sometimes, I regret to say, disturbed the public peace in the Punjab, the Government of the Punjab and my own Government have been animated by a constant and single desire to promote by every means in our power a stable, an equitable and a friendly settlement of all the matters in issue, which shall do justice to the claims of all the interests legitimately concerned and which, in particular, shall restore the traditional relations of good understanding and mutual confidence between Government and the Sikh community. It is my belief that those relations, glorious in war and " no less renowned " in peace, whatever misunderstandings have arisen and whatever unfortunate incidents have occurred, have never in truth suffered more than a partial and temporary disturbance, and I welcome every prospect of their complete renewal and consolidation.

The immediate and tangible fruit of these changed conditions has been the enactment of a measure by the Punjab Legislative Council, on the motion of a private member belonging to the Sikh Community, and in the formulation of which the Punjab Government rendered assistance which has been warmly acknowledged, to regulate the management of the Sikh religious endowments. This measure has received so large, and I may say, so overwhelming a preponderance of support from the interests directly or indirectly concerned as to leave no doubt of its general acceptance and it has received the assent of the Governor General. The Government of the Punjab have taken the opportunity of the passing of this measure to make a generous offer to those persons under detention in that Province for certain offences arising out of the agitation, and I trust that wise counsels will prevail in regard to it.

I count as one of the palpable signs of a hopeful and auspicious future, the recent conclusion, with the co-operation and assistance in the necessary arrangements of the authorities of the Nabha State, of the ceremonial reading of the Sikh scriptures at the Gangsar Gurdwara in that State. The policy scrupulously observed by Government has been to interpose no obstacle, there or elsewhere, to the free observance of religious ceremonies in such manner as not to conflict with other well established rights and liberties. I will say no more on a subject which might revive old controversies than that I have every hope and confidence that, with the conclusion of the ceremony I have referred to and the release of persons detained in the Nabha State, we may all now unite to treat this incident as a closed chapter.

A Bill will be laid before you in the course of the present Session, the object of which is to validate such of the provisions of the Punjab Act as are beyond the competence of the local Legislature, and I am confident that a measure which offers so fair a prospect of a practical and equitable settlement of a momentous and complex issue and which is supported by so weighty a body of public opinion will receive also your ratification and endorsement.

Much has been achieved, and we may survey with legitimate satisfaction the progress recorded, rendering due acknowledgments to the sympathetic consideration and the indefatigable labours of His Excellency Sir Malcolm Hailey and the Government of the Punjab, and to the common-sense, mutual forbearance and public spirit of all concerned which have made it possible. I trust that your deliberations will complete a legislative act which will not only afford a just and satisfactory solution of the matters it expressly contemplates, but will also contribute powerfully to the re-union and reconciliation of diverse aims in other spheres of interest which we all have equally at heart. If we persevere and redouble our efforts in the path of mutual forbearance and understanding, I have every confidence that the future will crown our labours.

This concludes my observations on a review of affairs in India as I find them on my return. My main purpose in requesting your attendance to-day was in order that I may address you specially upon the events connected with my visit to England. When I received the invitation from His Majesty's Government to return to England, I gladly availed myself of it. I had been in India over four years and had seen several changes of Government in England during this short period. A General Election in the Autumn had just installed a new Government in office—the fifth with which I have had the privilege of serving. It seemed to me eminently desirable in the interests of India, that I should take the opportunity for the first time afforded to one holding my high office. During my stay in England I had many conferences and discussions with the Secretary of State, and I also had the great advantage of representing the situation in India, as I conceived it, to the Prime Minister and also to the Cabinet. Towards the end of my visit the Secretary of State made an important pronouncement in the House of Lords upon Indian affairs. The speech undoubtedly aroused unusual interest in Parliament and the country. It was the first review by the Secretary of State of the general situation in India since he had assumed his high office, and it had been deferred until after the conclusion of the conferences with me. In addition, it possessed a special attraction by reason of the forceful personality and intellectual capacity of the Secretary of State. You will have observed that His Lordship was careful to state that he was not announcing, or purporting to announce, decisions or conclusions. Nevertheless, it cannot be doubted that his survey of the situation formed an important event in the history of political development in India. It was made after careful study of the problems and after full consideration of the views which I had presented in numerous conferences as the result of my experience in India. The speech in the House of Lords was followed almost immediately by a debate in the House of Commons. I do not know whether many of you have had the opportunity of studying the report of the debate, which was of special interest to India. It showed, as it appeared to me, a growing appreciation and a sympathetic understanding of the complexities and difficulties of Indian political problems. You will have gathered from the Parliamentary reports that the general lines of the pronouncement were not seriously challenged in the British Parliament. I confess that I have therefore been somewhat disappointed, on a perusal of reported speeches of political leaders in India and of articles in the public Press, to find that the speech has been received in some quarters in so critical a spirit. The impression on my mind is that its importance and value to India have not been sufficiently appreciated. I look upon the Secretary of State's address as a message of sympathetic encouragement to India, at least to those who are desirous of advancing to responsible self-government within the British Empire. It is an emphatic indication that political opinion in England stands firm upon the declarations made in 1917 and in 1919 without distinction of political parties.

I shall endeavour to place before you a survey of the situation as it presents itself to me to-day. I trust I am not too optimistic in my belief that a temperate examination of the problems in an atmosphere free from suspicion and prejudice may lead to more earnest and sincere co-operation and good-will from Indian politicians. I cannot hope to convince all sections of those who take an interest in public affairs. But if we are to advance towards a solution of our problems, we must get rid of the elements of bitterness and suspicion, which breed their evil progeny alas! too rapidly, and try whether the spirit of good-will may not prove a solvent for difficulties which have hitherto seemed to defy solution.

I would ask those who may differ from me to bend their minds for a moment towards me, and to weigh observations based upon the experience of a life-time and applied to Indian affairs by one who claims to be devoted to India and her interests.

I came to India charged with the duty of helping to establish the Reformed Constitution and of assisting the country along the road of advance mapped out in the declaration of August 1917. The first great measure in pursuance of the new policy had been embodied in an Act of Parliament. It was unfortunate that this new system was launched at a period when the atmosphere was charged with bitterness and animosity. It is unnecessary to recapitulate the difficulties it encountered from the moment of its birth. They are still fresh in our minds. It suffices for the moment to recall that it met with determined opposition from certain sections of the community, directed at first from without the Councils and latterly also from within. Remember that this was a newly-fashioned Constitution—indeed a constitutional experiment without precedent—designed to meet the peculiar complexities of the situation in India. It had no doubt its imperfections, but it was the product of deep thought and the outcome of a genuine desire on the part of the British Parliament to give effect to the patriotic aspirations of Indian political leaders and to initiate a system of self-governing institutions. Much of the criticism directed against the Constitution was clearly in the nature of a protest against the refusal to grant complete self-government at one step. But the ranks of the critics were also swelled by those who argued that the system did not fulfil the intentions of its authors and suffered from obvious defects which should be removed. These charges deserved examination, and after three years' experience of the new Constitution my Government, with the approval of His Majesty's Government, decided that inquiry should be made not with a view to altering the structure, but for the purpose of determining whether any measures could be devised whereby the system might work more smoothly and efficiently. These problems were examined by the Reforms Inquiry Committee, to whose labours both my Government and all those who are interested in the working of the Constitution owe a debt of gratitude. I regret that the members of the Committee were unable to come to unanimous conclusions. The Majority have made a series of recommendations which taken broadly appear to be acknowledged as suggesting improvements on the existing practice. They are fashioned with a genuine desire to improve the present machinery. I do not of course claim for them infallibility or deny that they must be examined in detail with some care. My Government are prepared to accept in substance the view of the Majority that the Constitution should be maintained and amended where necessary in order to remove defects in its working on the lines recommended by them. My Government cannot at present commit itself to all individual recommendations or to the form or method by which they should be carried into effect, inasmuch as there has not been sufficient time for full consideration of them with the authorities concerned, or even by me with my Council. An opportunity will be afforded to the Legislature for debating this policy and every consideration will be given to the views presented to us before final conclusions are reached.

The Minority, consisting of gentlemen whose views are entitled to receive, and have received, the most careful examination of myself and my Government and—let me add—of Lord Birkenhead, have stated that they have no objection to many of the proposals of their colleagues, but they were unable to accept the report of the Majority because they desire to progress more rapidly and by different methods. In their opinion no substantial results will be produced by the process of amendment of defects recommended by the Majority. Briefly, the Minority ask whether the Constitution should not be put on a permanent basis with provisions for automatic progress in the future, and they are in favour of a system of Provincial autonomy. They press for an early inquiry with a view to fulfilling these aspirations. To the subject of Provincial autonomy I shall return later. It is sufficient to say at this stage that the Minority, mindful of the terms of reference, do not present it as a practical and fully considered scheme, but content themselves with putting it forward as an ideal. The steps for its attainment clearly demand further investigation. In effect therefore the recommendations of the Minority amount to a demand for an early and authoritative inquiry with a view to a revision of the Constitution. The issue at the moment between them and the Government of India is largely one of time for the appointment of a Commission. It has been laid down in the Government of India Act that in 1929, that is in four years from the present time, there must be a full inquiry into the Constitution such as the Minority desire. But the Minority say that they wish the inquiry to take place at an early date. I understand their impatience, but my Government and I, after most carefully weighing their views, have reached the conclusion that the moment for an inquiry has not yet arrived.

The inquiry contemplated by the Act will be a genuine and an impartial inquiry. Nothing will be prejudged. It will proceed upon the facts of the situation as ascertained upon the evidence produced to the tribunal. And here I must remind you of the words of the preamble to the Government of India Act, which have already been quoted by the Secretary of State: "And whereas the action of Parliament in such matters must be guided by the co-operation received from those on whom new opportunities of service will be conferred, and by the extent to which it is found that confidence can be reposed in their sense of responsibility." If those are to be the principles to guide the Commission to its judgment, I cannot think, as a friend of India, that it should commence its inquiries immediately. If the judgment of the British Parliament were to be pronounced upon the present evidence, I fear that it could but result in disappointment. I have not abandoned hope that as the days proceed evidence of a spirit of co-operation may yet be forthcoming from that large section of political opinion which has hitherto stood aloof, and that it may be manifested that the political attitude of those who have hitherto declined to shoulder any responsibility may undergo a change. I know that there is a school of thought in India which preaches incessantly that nothing is to be won from England save by force or threats. Believe me, that is a profound mistake, and if persisted in, cannot but embitter the relations of the two countries. The Reforms took their origin in England in a spirit of good-will, not of fear, of optimism, not of opportunism. The history of the last few years has damped the hopes and dimmed the expectations of many of those in England who wish India well. But those hopes can be rekindled, those expectations can be recreated, if India shows the hand of friendship instead of menace.

But while I am sure that the present would be a most inappropriate moment to hold the statutory inquiry, I wish to re-emphasise what was made abundantly plain by the Secretary of State in his speech that there is no special sanctity attaching to the year 1929. The re-examination of the Constitution may take place at any time, not later than 1929, when the British Government are persuaded that there has been genuine co-operation of the responsible Indian political leaders in working the existing Constitution, and when sufficient experience of these new and still largely untried conditions has been gathered to form the basis of a considered judgment and to enable proposals for the future to be made with some confidence. Is it not worth while to make a real attempt to wipe out past controversies and to unite in an effort to test the system at present established? In the Secretary of State's words—" We desire and request good-will, nor shall we be niggardly bargainers if we meet with that generous friendship which is near and dear to our hearts." The desire to help India along the road indicated remains unchanged throughout General Elections and new Administrations. I had opportunities of discussion with many leaders of political thought in England of varied political views. Throughout I was impressed on the one hand by the sympathetic good-will manifested towards India and Indians generally, and on the other, by the determination not to be hurried by threats into premature concessions. I have long been confident that it is through friendly co-operation alone that India will advance to the ultimate goal desired. The events of the recent years and my visit to England have served to confirm this view. I most earnestly commend it as a policy to the Legislature and to the country.

I believe that the present moment is specially favourable for a combined effort to work the Constitution. Since the Committee reported, two new factors have supervened which should be an encouragement to a new departure, and are well worthy of your consideration. Among the many handicaps under which the new system has suffered, none perhaps was greater than the financial stringency which dogged its early years. In administration a policy without resources is barren. Too often the Ministers found that from lack of money they could not give effect to their ideas in the field of government transferred to their charge. Hampered by financial difficulties they were exposed to the criticism of having achieved nothing. Fortunately, the period of financial stringency, the legacy of the War, seems to be passing away. This year my Government has been able to make a notable beginning in the remission of Provincial contributions, and thereby to place at the disposal of various Provinces additional resources, a large part of which it may be hoped will be available for the amelioration of social conditions and for nation-building activities—in short for those branches of the administration which have been transferred to popular control. I trust that these new resources will strengthen the position of Ministers.

There is one other change of importance which I must not omit to mention. I confess I have been surprised to find that so little public attention has been directed to one of the proposals of the Lee Commission, the practical effect of which will soon begin to make itself felt. It had been one of the complaints of Ministers that the organisation of their superior services through which their departments were administered lay not in their hands, but in those of the Secretary of State. It was the latter who recruited them, and who determined their rates of pay and their numbers. We are now taking steps to give effect in this respect to the principle laid down by the Joint Select Committee of Parliament, that Ministers should have the fullest opportunity of managing that field of government which was entrusted to their care. Recruitment by the Secretary of State for the Indian Educational Service, the Indian Agricultural Service, the Indian Veterinary Service, the Buildings and Roads Branch of the Indian Service of Engineers and in Bombay and Burma for the Indian Forest Service has ceased. In these important branches of the administration the Ministers will be authorised to start building up by new recruitment their own Provincial Services, subject only to such restrictions as experience shows to be necessary for safeguarding the integrity, the independence and the efficiency of Public Services. The problem presented by the Indian Medical Service is more difficult, but here too the principle of establishing Provincial Medical Services has been accepted, subject to certain conditions which are still under consideration. The combined effect of these changes will become increasingly apparent every year, and I am sure that what seems to me at present to be an inadequate appreciation of their importance will rapidly disappear. I cannot pass from these observations on the future of the Services without placing on record my high appreciation of the loyal assistance which has been rendered by the members of the Services and will, I am convinced, continue to be rendered in the working of the new Constitution. Without their help, difficulties already serious enough would have been stupendous, if not insuperable.

For the reasons indicated above, I believe that the system of Dyarchy will be found to work in future more efficiently and smoothly, and Ministers will in these respects no longer have the semblance of ground for complaint that the power and responsibility entrusted to them are impaired by other influences. In any event, I have no doubt it is too early yet to pronounce a final vardict as to failure or success. On a careful survey of the whole situation and study of the reports of the Local Governments I come to the conclusion that Dyarchy, whatever its deficiencies may be, has so far proved more successful in its operations than some of its friends and most of its critics could have expected. We shall be in a far better position and in a comparatively short time to form a final judgment, if the system is worked in the future with general good-will and co-operation.

In a notable passage in his speech Lord Birkenhead disclaimed on behalf of the British Parliament any monopoly in the art of framing Constitutions and he invited Indians to contribute, if they could do so, their own solution. He invited them—to quote his words—"to produce a Constitution which carries behind it a fair measure of general agreement among the great peoples of India." He gave the assurance that such a contribution to our problems would nowhere be resented, but would on the contrary be most carefully examined by the Government of India, by himself and by the Commission whenever that body may be assembled. The time which may elapse before re-examination of the Constitution, whenever that may happen, could not be better occupied by public men in India than by devoting serious practical thought to these problems. The British people, working on their own experience, have set up institutions in India based on Western models. The aspirations of Indian politicians, as I understand them, are directed towards the establishment of responsible self-government within the Empire as the ultimate goal. Responsible self-government based on Parliamentary institutions is the product of Western thought and experience. It is often contended that we are seeking to arrive at the final destination by imposing ideas on India which are alien to its genius. We are not wedded to our own particular methods of attaining our object. Whatever may be proposed will be the subject of most careful examination by the Government of India, and eventually by the Commission before it is submitted to the British Parliament. The Commission should know whether there is any general consensus of opinion among the various classes and communities of India as to the direction in which the development of self-government within the Empire should be sought. Should we persevere in our proposed course or is there an alternative line of advance which would be more in accordance with Indian ideas and would receive the support of the numerous interests concerned? If any alternative methods are to be suggested, much hard thinking is required. Constitutional problems are not solved by a phrase. Account must be taken of unparalleled complexities—diversities of race, diversities of religion, striking diversities of intellectual development and a social organisation which separates classes with a rigidity unknown in any other great country. It must be kept steadily in mind that it is a primary duty of Government to provide security against external aggression and to preserve peace and order within its territories, and in India it is imperative that adequate means should be devised for the protection of Minorities. No greater problem in self-government has ever been set before a people. No problem has ever more assuredly required accurate and practical thinking.

There are many in India at the present moment who hold the solution lies in Provincial autonomy. The principle that local affairs should be administered by Local Governments is one that commands general acceptance. But if we are to avoid disintegration—a danger that the history of India constantly emphasises—there must, in my judgment, be a strong Central Government capable of exercising a legitimate degree of supervision and control. The relations of such a Government to a number of so-called autonomous Provincial Governments have not yet been thought out. It can scarcely be contemplated even by the most ardent friends of Provincial autonomy that there should be nine or more, and as some contend many more, separate and independent Provincial Governments entirely free in all directions from supervision and control. Before any scheme of Provincial autonomy could be established, the functions that should be entrusted to them and the degree of supervision and control to be exercised over them must be explored with patience. Here is an unlimited field of work waiting for those who, like the Minority of the Reforms Inquiry Committee, believe that the present Constitution must be radically amended. Meantime close contact with the practical working of the present machine will provide a useful corrective against too great an obsession with theory, which history shows to be a danger ever lurking in wait for the drafter of Constitutions.

Before I close I would draw attention to an attitude not uncommon among politicians that the programme and conditions of advance laid down in the preamble of the Government of India Act are a humiliation to India in that the prescription of successive stages and the testing of each stage by results is a reflection on the capacity of Indians. Be it remembered that we are engaged on a problem new to India and new also to the British Parliament. I think the nature of the problem as it presents itself to the British people is not fully appreciated by those who express themselves as humiliated. They assume that the path to self-government lies along a broad metalled road, and that if they could only be freed from the impediments and restrictions imposed by the present form of government, they could run safely, rapidly and directly to their goal. To my mind the problem presents itself under a different figure. I think rather of a man picking his way through unexplored regions towards his destination which glimmers faint, but clear in the distance. He halts on firm ground and seeks the next spot to which he can safely entrust himself. A rash step may engulf him or delay his progress indefinitely. His advance may not be rapid, but it is well and surely planned. As he advances, experience teaches him to distinguish more certainly and quickly the firm ground from the treacherous surface. And so he wins to his ultimate goal.

Gentlemen, if I may strike a personal note, the natural term of my period of office is rapidly approaching, and my future opportunities of addressing you, the Members of the Indian Legislature, must necessarily be few. I have spoken to you to-day from the conviction of my heart—I trust without rousing a tinge of bitterness or animosity. I have expressed to you the thoughts of one who, whatever mistakes or errors he may have committed, has a warm affection for India and a deep devotion to her interests. For these reasons I have been desirous of carrying you with me along the only avenue which, in my judgment, can lead to the Promised Land—to the proud heights of India's destination. It is my earnest prayer that India, with the co-operation of all of us—of every race, community and interest—that wish her well, may avoid the pitfalls that beset her path and win through to the goal to which her face is set.

APPENDIX VII.

Press Communiqué and Correspondence regarding Indians in South Africa.

GOVERNMENT OF INDIA.

Department of Education, Health and Lands.

(Overseas.)

Simla, the 23rd April 1926.

Press Communiqué.

On February 17th last the Government of India published the correspondence which had passed between them and the South African Government since April 8th, 1925, regarding the Indian question in South Africa. The papers then published showed that the Government of India, being gravely concerned at the series of ordinances curtailing Indian civil and economic rights and privileges recently passed in South Africa, took the initiative in suggesting a conference between their representatives and representatives of the Union Government as a preliminary to the formulation of a comprehensive Indian policy in South Africa which would afford an acceptable solution of the whole question. The Union Government, however, saw difficulties in the way of accepting this suggestion and decided that a preferable course was to put forward in the form of a bill the alternative proposals for dealing with the Indian question which they favoured. This bill, which is known as the Areas Reservation and Immigration and Registration (Further Provision) Bill, was introduced into the House of Assembly last July. In order to place the Government of India in a position to appreciate the circumstances which had led up to the bill and to make representations regarding it with special reference to the general question of alleviating direct competition between Asiatics and Europeans, they agreed that the Government of India should send a deputation to South Africa to enquire into and report on the economic condition and general position of the resident Indian community in South Africa and to form an appreciation of their wishes and requirements. The deputation sailed on November 25th, 1925, and its preliminary report was received in India early in January. On the basis of the facts disclosed in that report, the Government of India felt justified in renewing their proposal for a round table conference and pressed that, if that proposal was still unacceptable there was a case for a fresh enquiry before the proposed legislation was proceeded with. Neither of these suggestions commended themselves to the Union Government, who, however, expressed their willingness to give the Government of India an opportunity of placing the case of the

Indian community in South Africa fully before them by offering to take the course of proposing the reference of the Areas Reservation Bill to a Select Committee before, instead of after, the second reading, in order that the Indian objections to the Bill might be heard in respect of its principles as well as of its details. This offer the Government of India accepted, and their deputation appeared before the Select Committee early in March and presented the Indian case against the Bill on broad grounds of principle. In the meantime it appeared from the report of the speech in which the Minister of the Interior had moved that the Areas Reservation Bill be referred to a Select Committee that the Union Government were possibly under some misapprehension regarding the attitude of the Government of India towards a round table conference. They therefore again addressed the Union Government pointing out that they were as anxious as ever to participate in a round table conference and had no desire to limit the scope of its discussions in the manner which the Minister seemed to suppose. In reply to this communication the Union Government stated that they were prepared to take such steps as were still at their disposal to keep the door open for a further consideration of the Indian question provided that they had an assurance of the probability that the problem would be really and effectively solved through the instrumentality of a conference. This evidence that the Union Government were no longer averse to the idea of a Conference on certain terms was welcomed by the Government of India who expressed themselves as equally anxious that the conference, if arranged, should not prove abortive and pressed the view that the right method of arriving at a real and effective solution of the Indian question would be for both parties to enter the conference without being committed in advance to any particular solution of the questions at issue. They suggested that the Union Ministers might confer informally with the Leader of the Indian deputation in order to ascertain whether the obstacles in the way of a conference could not be overcome. The sugggested conversations took place at Capetown early in April and resulted in a better understanding and appreciation of the respective points of view and difficulties of the two Governments. The Union Government have impressed upon the Government of India that public opinion in South Africa would not view with favour any settlement which did not hold out a reasonable prospect of safeguarding the maintenance of western standards of life by just and legitimate means and on this basis have agreed to enter a conference the recommendations of which will be subject to confirmation by the Governments of both countries. They have also agreed, subject to the approval of the Union Parliament, to postpone further progress with the Areas Reservation Bill until the results of the conference are available. The basis on which the conference will be held is embodied in the following formula which has been accepted by both Governments:

"The Government of the Union of South Africa and the Government of India have been further in communication with each other regarding the best method of arriving at an amicable solution of the Indian problem. The Government of the Union have impressed upon the Government of India that public opinion in South Africa will not view with favour any settlement which does not held out a reasonable prospect of safeguarding the maintenance of Western standards of life by just and legitimate means. The Government of India are prepared to assist in exploring all possible methods of settling the Asiatic question and have offered to enter into a conference with the Union Government for the purpose. Any proposal that the Conference might make would be subject to confirmation by the Governments of the two countries. The Union Government have accepted the offer of the Government of India, and in order to ensure that the conference should meet under the best auspices, have decided, subject to the approval of the Select Committee and Parliament, not to proceed further with the Areas Reservation and Immigration, and Registration (Further Provision) Bill until the results of the conference are available."

It is anticipated that the Conference will take place before the end of the year. The Indian deputation whose action has largely contributed to the better understanding of the problem on both sides, which is reflected in the present position of the question, will sail from Delagoa Bay on April 28th by the S.S. "Karapara."

FURTHER CORRESPONDENCE BETWEEN THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF THE UNION OF SOUTH AFRICA REGARDING THE POSITION OF INDIANS IN SOUTH AFRICA.

(20)

Telegram to the Governor-General of South Africa, Capetown, No. 135-Os., dated Delhi, the 20th February 1926.

Government of India understand from reports which they have received that the Minister of Interior in his speech moving that the Areas Reservation Bill be referred to Select Committee before second reading stated that the Government of India had been informed by the Union Government that, while they were not opposed in principle to a Round Table Conference, the discussions must include question of ways and means required to make the scheme of voluntary repatriation of Indians more effective. Had Government of India agreed to this point being included in agenda Round Table Conference would have been held. But as we did not see our way to agree to discussion of this particular point, Union Government could not agree to conference.

2. If Dr. Malan has been correctly reported, we fear that there has been some misunderstanding regarding our attitude on this point. In our telegram, dated October 9th, we made it clear that a conference of which the main object was to expedite Indian repatriation was not contemplated by us. We nevertheless indicated that we were prepared to discuss the working of the existing system of voluntary repatriation and maintained the same attitude in subsequent communications. We have never refused to include the question of repatriation as above described within the scope of discussion of pro-

posed conference. We are as anxious as ever to participate in a Round Table Conference which would include repatriation question limited as above stated within its scope.

3. We should be very grateful if Minister of Interior would take an early opportunity of dispelling the misconception to which, we fear, his speech may have given rise. We understand that the "Cape Times" in a leading article on February 18th has already taken the point that the attitude of the Government of India in refusing to discuss voluntary repatriation made the holding of conference impossible. We are most anxious to secure an unprejudiced reception for the statement which our representatives will shortly make before the Select Committee and are confident that Your Excellency's Ministers will understand our desire to remove any misapprehension which might possibly prejudice public opinion against the case which they will present.

(21)

Telegram from the Governor-General of South Africa, Capetown, dated the 10th (received 11th) March 1926.

Your telegram dated 20th February. 135-Overseas. My Ministers desire to state that in their opinion no discrepancies exist between the statements of the Minister of the Interior in the Assembly to which you refer and the actual course of negotiations as revealed in the published correspondence.

Reference to my telegrams dated 16th June 1925 and 24th September 1925 must in their view remove all possible doubts. It was clearly the attitude of the Union Government that no conference, however restricted in scope, was possible unless some definite prospect was held out beforehand that it would result in a considerable reduction of the Indian population. They further clearly intimated that they welcomed tentative and provisional proposals to this effect and that their attitude with regard to holding of a conference would eventually depend upon the nature and practicability of any repatriation scheme offered as a basis for further discussions at such conference. They even went so far as to suggest the particular form of additional inducements which, with the assistance and co-operation of Government of India, might be offered to Indians as a part of such repatriation scheme besides agreeing to inclusion of at least one other important aspect of Indian problem which had been put forward by your Government within range of proposed conference.

It was only after the Government of India had intimated in your telegram of 9th October 1925, that they did not intend to explore possibilities of more effective repatriation with the object of bringing about a considerable reduction of the Indian population but wished merely to confine themselves to helpful suggestions in connection with the existing repatriation (scheme?) that further attempts on the part of Union Government to arrive at a satisfactory basis for a conference were dropped. My Ministers accept the assurance expressed in the second paragraph of your telegram that the real attitude of the Government of India has been misunderstood by them. They also note that according to Your Excellency's telegram, dated the 26th November 1925, it was clearly the intention of that Government to put forward definite proposals in connection with repatriation after they had considered report of their deputation to the Union. Under these circumstances my Ministers wish to assure the Government of India that, provided they could be made to feel that they have the necessary assurance of the probability that the problem will really and effectively be solved through instrumentality of a Conference thus affording them a real basis for consenting to a round table conference, they are prepared to take such steps as are still at their disposal to keep the door open for a further consideration of the question.

They trust that the Government of India will realize that the progress of the Bill through Parliament cannot be held up unless such action can be clearly justified to Parliament and in the eyes of the people of South Africa by nature and adequacy of the assurance given and therefore unless Ministers are enabled to point to some very definite and substantial prospective results to be anticipated from proposed Conference they cannot contemplate the possibility of agreeing at this stage to holding of such a Conference.

The Government of India will therefore understand that the assistance so far offered by them in connection with the system of repatriation at present obtaining is for the purpose of formulating a satisfactory basis for a Conference altogether inadequate.

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(22)

Telegram to the Governor-General of South Africa, Capetown, No. 257-Os., dated the 26th March 1926.

Your telegram dated March 10th. We have not yet seen text of speech delivered by Minister of Interior on February 17th, and are therefore glad to receive assurance from Your Excellency's Government that it was in no way discrepant with the actual course of negotiations.

2. Your Excellency's telegram makes it clear to us that Union Government are not averse to idea of a conference provided that they are satisfied that such conference will hold out definite prospect of leading to real and effective solution of Indian problem. We appreciate desire of Your Excellency's Ministers to obtain assurance on this point and to find a formula acceptable to your Government and mine as basis of Conference which would enable discussions to be initiated. We ourselves are equally anxious that if a conference takes place, it should not prove abortive or lead to misunderstanding and it is with this object in view that we desire that there should be no misapprehension about our own attitude. As we explained in our telegram of October 9th, we are unable to agree to enter a conference of which the object would be to effect a considerable reduction of the Indian population and we still adhere to this opinion. In our view the right method of arriving at a real and effective solution of the Indian question would be

for both parties to enter the conference without being committed in advance to any particular solution of the questions at issue. We ourselves should enter such a conference with the sincere intention of discussing frankly with the Union Government all possible methods of settling the Asiatic question, of understanding the difficulties which have led to the present policy of South African Government and of explaining our own difficulties in acquiescing in that policy and the objects which we have in view. In the atmosphere of better mutual understanding which we believe this exchange of views will establish, we are hopeful that agreement may be rendered possible as to general lines on which question can be finally settled.

3. As preliminary step we would suggest that Union Ministers might consent to confer informally with Leader of our deputation with a view to ascertaining whether obstacles in way of conference cannot be overcome. We cannot of course agree to invest Paddison with plenipotentiary powers to act on our behalf and any arrangement suggested after consultation with Your Excellency's Ministers would be subject to our confirmation after receipt by us of his report and after discussion with him. We are impressed with difficulty of arriving at understanding by telegraphic correspondence and it is on this account that we propose personal discussion and have always held that conference affords most hopeful method of dealing with this question.

4. In the event of agreement being reached regarding Conference, meetings between representatives of this Government and of Union Government might conveniently be held, either formally or informally, at time of meetings in October next of Imperial Conference or, if necessary, at an earlier date. We assume that progress with regard to pending legislation would be held up until Conference has had opportunity of discussing question in all its bearings.

(23)

Telegram from the Governor-General of South Africa, dated the 13th received 14th) April 1926.

In reply to your telegram, dated 26th March, 257-Os., my Ministers desire to inform Government of India that in compliance with their request the Prime Minister and the Minister of the Interior have informally conferred with Mr. Paddison, Leader, and Mr. Bajpai, Secretary, of deputation and that conversations have undoubtedly resulted in a mutually better understanding and appreciation of respective points of view and difficulties of the two Governments.

2. My Ministers do not consider the divergence in point of view or the difficulties so great that it should be deemed impossible to find a satisfactory basis for formal conversations, which might lead to an amicable settlement, as long as it remains understood that such conversations shall on both sides be entered into and conducted with sincere desire and intention to co-operate in finding a real and effective solution of the Indian problem. Any conference which could justly be interpreted as a mere attempt from outside to

prevent the Union Government from dealing with its own problems in its own way will be resented by the people of South Africa and is and will continue to be unacceptable.

3. As was pointed out in previous correspondence, the European community in South Africa consider that their economic position and civilization are seriously menaced by the presence and unfair competition of Asiatics and the demand on their part that steps shall be taken without delay to counteract that menace is insistent and practically unanimous. This fact has been corroborated to fullest extent by evidence laid before the Select Committee. My Ministers therefore wish to impress upon the Government of India that public opinion in South Africa will not view with favour any settlement which does not hold out a reasonable prospect of safeguarding the maintenance of western standards of life by just and legitimate means. If the Government of India could accept this presentation of position as the correct one and could further express their willingness to assist in exploring all possible methods of settling the Asiatic question, the Union Government will be ready to accept their offer to enter into a Conference for the purpose. Any proposal which such a Conference might make would be subject to confirmation by the Governments of the two countries.

4. In order to ensure that the Conference, if finally agreed upon, should meet under best auspices my Ministers have decided, subject to the approval of the Select Committee and Parliament, not to proceed further with the Areas Reservation and Immigration and Registration (Further Provision) Bill until results of Conference are available.

5. Should the reply of the Government of India be favourable and final agreement in regard to the holding of a Conference be reached my Ministers suggest such agreement shall be embodied in following terms which could form basis and be included in any official public statement to be made at a later date: "The Government of Union of South Africa and Government of India have been further in communication with each other regarding the best method of arriving at an amicable solution of Indian problem. The Government of the Union have impressed upon Government of India that public opinion in South Africa will not view with favour any settlement which does not hold out a reasonable prospect of safeguarding the maintenance of western standards of life by just and legitimate means. The Government of India are prepared to assist in exploring all possible methods of settling Asiatic question and have offered to enter into a Conference with the Union for the purpose. Any proposal that Conference might make would be subject to confirmation by the Governments of the two countries. The Union Government have accepted offer of Government of India and in order to ensure that Conference should meet under best auspices have decided, subject to approval of Select Committee and Parliament, not to proceed further with Areas Reservation and Immigration and Registration (Further Provision) Bill until results of Conference are available."

6. With a view to the limited time of Select Committee and in order that they may be enabled to make the necessary recommendation my Ministers will be glad to be favoured with an early reply.

(24)

Telegram to the Governor-General of South Africa, Capetown, No. 277, dated the 17th April 1926.

Your telegram dated April 13th. We learn with great satisfaction that conversations between Your Excellency's Ministers and the Leader and Secretary of our deputation have led to a better understanding and appreciation of the respective points of view and difficulties of the two Governments and that as a result of them, Union Government are prepared to enter into a Conference with us with object of exploring all possible methods of settling Asiatic question in South Africa consistent with maintenance of western standard of life. We have constantly affirmed our belief that Conference affords most hopeful method of dealing with this question, and we gladly therefore accept the proposal which is now made to us. The terms in which it is proposed to embody the agreement to hold a Conference afford, in our opinion, a suitable basis for its proceedings, and have our complete concurrence. We accept the statement of Your Excellency's Government that public opinion in South Africa would not view with favour any settlement which does not hold out a reasonable prospect of safeguarding the maintenance of western standards of life by just and legitimate means, and for our own part, will enter the Conference with the sincere desire of co-operating with Union Government in finding a solution of the Asiatic question which can be honourably accepted by the Governments and peoples both of South Africa and of India. We agree further that it is essential that any proposals that the Conference may make should be subject to confirmation by the Governments of both countries.

2. It is understood that in presenting the report of the Select Committee on the Areas Reservation Bill, Minister of Interior will announce the agreement that has been arrived at between the two Governments and will move that Parliament should not proceed further with the Bill until result of Conference are available. We should be glad to know on what date this announcement will be made in order that we may arrange for simultaneous publication in this country.

APPENDIX VIII.

Conclusion of Sir Charles Innes' Speech on the Railway Budget.

There are many other subjects mostly of an administrative or technical character on which I am tempted to dwell, but I am afraid of wearying the House and I will bring my speech to a close. But before I sit down, I should like, if the House will allow me, to indulge in a brief retrospect. This is the last Railway budget that I shall defend in the Indian Legislature, and it is natural that I should look back over the five years with which I have been connected with Indian Railways. My first year 1921-22 was one of the most disastrous years in the history of the Railways. For the first time since 1908 they had failed to pay their interest charges; indeed, the net loss of the year amounted to the enormous sum of 9 crores of rupees. There was much to be said in excuse for the Railways. They had rendered magnificent service during the war. Shortage of tonnage had thrown on them an immense amount of traffic which formerly had gone by sea, and their resources had been strained to the uttermost. At the same time, material and rolling stock had been hard to obtain, and the railways had emerged from the war in a sorely battered, dilapidated condition. No money had been laid aside to meet arrears of depreciation, or rather the sums which had been earmarked for the purpose had under stress of necessity been diverted to other objects. And though in the years immediately succeeding the war, the Government of India, in spite of the desperate condition of their own finances, endeavoured to make liberal provision for what was then known as programme revenue expenditure, yet under the system then prevailing the Railways could not make the best use of the moneys placed at their disposal. For the grants were annual grants. Balances unspent at the end of the financial year lapsed, and it was impossible for Railways to work to a well-thought out programme of rehabilitation, spread as such a programme must be spread over a period of years, for the amount of money which could be spared each year by the Government of India for programme revenue expenditure necessarily varied with the general financial position of the Government of India. We were told by the Acworth Committee that rehabilitation was the first task before us and that new construction could not be thought of, and I remember well what a hopeless task rehabilitation seemed in those days. I am happy to think that they have gone, never I hope to return, and I think that we may contrast the condition of our Railways now with their condition 4 years ago with legitimate satisfaction. The money we have spent on them is beginning to bear fruit. The coal trade is an obvious example. Every industrialist in India must remember the scramble for coal wagons at the end of the war and in the years immediately following and the constant anxiety lest he should have to close his works for lack of coal. Now we have been able entirely to abolish any form of control over wagon supplies, and however necessary that control may have been, I frankly admit that in itself it was an evil. Our Railways now can carry all the coal traffic that offers; indeed, they ask for more. And as with coal, so with our other staple trades. I do not claim that our Railways are perfect. Far from it. Much remains to be done. But I do believe that now they are better equipped to serve the commerce and industry of India than at any previous period of their history. Many factors have combined to bring about the improvement. Much work has been put in in improving the track, in strengthening bridges, in putting in more crossing stations and in remodelling stations. Train control has been extended, our internal organisation has been improved by the introduction of the divisional system, and better statistics enable the Agent to watch the working of almost every department of his Railway. Our rolling stock is more adequate and in better order. But the most important thing of all is that Railway Administrations are in better heart because they are working under a reasonable system of finance. The Depreciation Fund is a safeguard against the return of conditions which prevailed in 1921-22. Agents can now look ahead. They can work to an ordered plan, and they have a real incentive to economy. The improvement in our financial position is, indeed, most striking. It is just 3 years since we received the report of Lord Inchcape's Committee. They set before us the standard that we should aim at yielding a return of 5½ per cent. on our capital, and they calculated that if we did so, there would be a net gain to the State of roughly 8½ crores from its Railway property. But this was the figure at which they thought we should aim. They did not regard it as a result which could immediately be realised. On the contrary, under the proposals they made for the postponement of expenditure and for retrenchment in the year 1923-24, they calculated that the Railways should make a net return of 4 crores of rupees to the State. The actual net gain we made in that year was nearly 6½ crores. In 1924-25 our net gain, after eliminating certain adventitious gains due to refund of customs duty and after taking into account the loss on strategic lines, amounted to 11·7 crores, while in the current year we estimate that it will amount to about 9 crores. It is true that since separation the revenue expenditure of the railways has been relieved of the sinking fund payments made towards the reduction of capital, which amounted to more than 2 crores. But against this has to be set the fact that the institution of the Depreciation Fund has resulted in an additional charge to revenue of over 3 crores. The results of these 3 years therefore are not only in excess of the immediate results which the Inchcape Committee wished to see, but have even exceeded the figure which they suggested should be ultimately aimed at by the Railways. We are now even in a position to consider a reduction in freights and fares which in the position in which they found the Railways the Retrenchment Committee could not have considered to be within the range of practical politics, and while the process of rehabilitation goes steadily on, we have also been able to embark on an extensive programme of new construction. We can contemplate these results, I repeat, with sober satisfaction. I say this the more readily because I am not so foolish as to claim the credit for myself. Human energy and human ability have indeed played their part, and since we all believe in rendering honour where honour is due, I shall have the whole House with me when I pay my tribute to Sir Clement Hindley, Mr. Sim, the Railway Board, Railway Agents and the Railway Staff generally. But if there is one thing more than another to which our better prospects are due, it is the Convention of September 1924.

At one point in the debate it looked as if the cause was lost, but good will and good sense triumphed in the end, and this the second Assembly of the Indian Legislature may congratulate itself on the fact that it will go down to history as the Assembly which at long last placed Railway Finance on a proper basis. I sometimes think that we of the Railway Department get more than our fair share of hard knocks, and no doubt we shall get more next week. Nevertheless, we shall always remember this Assembly with gratitude, for it is this Assembly that has given us the chance of managing the Railways as they should be managed. Differences of opinion there have been between us on questions of policy as well as on questions of detail. But whatever causes of complaint there may be against us, I hope that we may be given at least this much credit, namely, that we are animated by a single-minded, even jealous, devotion to the interests of Indian Railways. Already they are a property of enormous value to the State. We wish to make that property more valuable still. For my part, I shall always look back with pride and pleasure on my connection with the Indian Railways and my hope is that they will expand and grow and become more and more an efficient instrument of trade. For, believe me, Sir, the prosperity of India is in no small degree bound up with the prosperity of her Railways.

APPENDIX IX.

SIR BASIL BLACKETT'S SPEECH INTRODUCING THE BUDGET, DATED 1ST MARCH 1926.

Sir, in the Budget for 1925-26 the Government of India and the Legislature had the satisfaction of making a substantial beginning in the reduction of Provincial contributions, when, apart from other temporary relief, a permanent diminution of Rs. 2½ crores was effected in their total. We were enabled to take this welcome step in view of substantial realised surplus in each of the years 1923-24 and 1924-25, and in expectation of a balance on the right side in the year 1925-26. I am glad to be able to inform the House that, in spite of the considerable revenue which we then gave up in relief of the Provinces, a realised surplus for 1925-26 is now assured. The exact figure is of course still a matter of estimating, but there is no doubt that the balance will be on the right side; and this notwithstanding the very unusual step taken during the year in regard to the Cotton Excise Duty. This duty ceased to be levied as from the 1st of December 1925 and in the announcement regarding the cessation of its levy it was made clear that, barring unforeseen accidents, suspension was intended in all but form to be equivalent to abolition.

2. This announcement inevitably takes away some of the beautiful uncertainty of anticipation, some of the pleasant thrill of expectancy, which is supposed to attach to the opening of a Budget. Instead of hoping—shall I say, against hope?—that this Budget may perhaps contain proposals for bringing to an end this tax, so long the subject of controversy, Honourable Members have, I suspect, already in their minds written it off, and, as they listen to me, are waiting in anxious suspense, not to learn the fate of the Cotton Excise Duty, but only to know what other reliefs, if any, may be in store for them. In regard to the Cotton Excise Duty, I will keep them in doubt no longer. I will admit them at once to the secret that the Finance Bill about to be presented to the House includes a clause abolishing the Cotton Excise Duty finally and entirely. The patient died on December the 1st, 1925, and it only remains for us to assist at his obsequies and give the corpse decent interment. We have no need to fear even its unlamented ghost. No miracle can restore it to life at this time other than some unthinkable accident in the passing of the Finance Bill.

3. *Actual outturn of 1924-25.*—Before satisfying the curiosity of Honourable Members in regard to other proposals in the Budget, I must first review shortly the actual figures for 1924-25 and, in somewhat greater detail, the revised estimates for the year 1925-26. Our revised estimates for 1924-25 anticipated a surplus of almost 4 crores. The audited accounts

which have just been published show a surplus of 5·68 crores—an improvement of nearly 1·69 crores on our expectations of a year ago. Under all the heads of the Civil Budget, apart from Railways, the net variation between the revised estimates and the actual figures amounts to 15 lakhs only, though there are appreciable variations in both directions under individual heads. The increase in the realised surplus is accounted for almost entirely by a reduction in net military expenditure amounting to 70 lakhs and an increase in the contribution from Railways amounting to 1,14 lakhs. The savings in military expenditure arose from underspending in England due partly to decreased expenditure on purchase of stores and partly to an adjustment in India's favour of some payments to the War Office arising out of claims in connection with war expenditure. These claims, I may say, have no connection with the important sums in dispute between the War Office and the Government of India in regard to war expenditure. Negotiations for the settlement of these latter have been vigorously pursued during the year. The issues are complicated, and I am not yet in a position to announce the final outcome, but I have every hope that the result will in the end be regarded as not unfavourable to India. The large variation amounting to 1,14 lakhs under Railways is the result of an increase in the net railway earnings which, after the deduction of the fixed contribution of 5·09 crores, proved to be 8·07 crores instead of 4·65 crores as anticipated. There were savings in working expenses owing partly to adjustments in connection with the Privy Council decision regarding Customs duties on stores for Companies' lines. On the other hand, the gross traffic receipts exceeded expectations by 1·48 crores, chiefly because heavy traffic in grain and cotton developed in February and March, the movement of these crops beginning earlier than usual. One result of this is that the railway receipts in the early part of the current year fell below our anticipations. The final outturn of the year 1924-25 shows a revenue of 138·04 crores and an expenditure of 132·36 crores, leaving a realised surplus of 5·68 crores. The usual comparative table showing the actual outturn in each of the last ten years is attached to the printed Budget speech.

REVIEW OF THE YEAR 1925-26.

4. *General conditions.*—Weather conditions in India in the year 1925-26 have not been altogether favourable. The winter rainfall a year ago was not unsatisfactory—I regret to say that it is less satisfactory in Northern India this year—but the wheat crop suffered from excessive cold and high winds. Almost throughout India the monsoon came to an end too early. In old days this might have caused really bad famine conditions in some areas, but the great improvement in our communications in recent years has contributed materially to a reduction of famine risks especially when, as in 1925, the monsoon rainfall was not entirely deficient. Indian trade and commerce during the year have, however, been less under the influence of internal conditions than under that of exteral conditions

affecting world trade. I drew attention a year ago to the gradual recovery of trade from world-wide depression under the stimulus of greater general security and reduced prices. Similar forces have operated in India during 1925-26, but the fall in prices has been more marked than in the previous year. For all commodities the general index figure came down from 176 at the end of December 1924 to 163 at the end of December 1925. Prices of cotton piecegoods and, in a lesser degree, of raw cotton were a year ago entirely out of tune with the general price level. Raw cotton appears now to have returned very nearly to its pre-war relation to other prices, and this fact holds out the prospect of an increased volume of trade in cotton piecegoods as soon as prices become steadier. Cotton piecegoods are, however, still priced at a level considerably above the general average in spite of a very marked fall especially during the last six months of the calendar year. It is perhaps not unnatural that during this painful period of restoration of price equilibrium the cotton mill industry, particularly in Bombay, has been subjected to serious difficulties and that there has been a considerable decrease in our imports of cotton piecegoods. During the first 9 months of 1925-26 there was a fall of 22 per cent. in value and 15 per cent. in the quantity of piecegoods imported. In our export figures a large reduction in the quantity and value of our exports of wheat is the most notable feature during this period.

5. Apart from these two commodities, the trade figures of the year have been satisfactory. The tea industry has had another prosperous year, while the prices both of raw jute and jute manufactures show a considerable advance. A significant feature of the year which is of great importance in relation to the question of transport facilities in India has been the growth of the use of motor vehicles. There has been a large increase in the number of private cars in use and an even more striking increase in the number of vehicles plying for public hire. The number of motor vehicles imported has gone up by 24 per cent. Our receipts from the excise duty on petrol reflect the increase in the use of motor vehicles in a striking manner. Though the rate of duty was reduced by 33⅓ per cent. a year ago, yet our revenue from the duty is as high as before. Among other features of interest I may mention that imports of artificial silk have gone up seven-fold in two years.

6. During the course of 1925 the League of Nations issued a table designed to compare on a gold basis the total foreign trade of all the countries of the world in 1913 and 1924. According to the figures in that table India stood in 1913 eighth on the list of countries in the matter of the total value of foreign trade. In 1924 she had risen to the fifth place, and there is little doubt that she has maintained that position throughout 1925. In spite of a fall in values and the depression in the piecegoods trade, India's total foreign trade in the first ten months of 1925-26 amounted to 496·43 crores or only 16·81 crores less than the figure for the corresponding period of the previous financial year. The net imports of bullion during the calendar year 1925 amounted to 80·92 crores of which 60·69

crores represented gold. This latter figure is the highest ever recorded. But the boom in the demand for gold had nearly spent itself in the first three months of the calendar year, and the imports of gold in the ten months of the financial year beginning on the 1st of April 1925, at 28·10 crores are 19·09 crores below the corresponding ten months of 1924-25. The visible balance of trade including private imports of treasure was in favour of India at the end of January to the extent of 85·82 crores of rupees—a figure which should be compared with 42·29 crores a year ago and 63·30 crores in the corresponding period of the year 1923-24.

7. The rupee-sterling exchange has shown persistent strength almost throughout the year, and for the time being at any rate we seem to have come to an end of the wide fluctuations which have been a feature of the post-war period. Thanks in large measure to the steadiness of exchange and also to other causes such as the abstention of the Government of India from the loan market for purposes other than conversion—a subject to which I shall have occasion to refer later—the busy season of 1925-26 promises to be remarkable for an almost complete absence of stringency in the money market. After the service stringency of the winter of 1923-24, conditions in the following season of 1924-25 showed a noticeable improvement and the Bank rate did not rise above 7 per cent. and that only for a period of 4 months from January to May 1925. It was reduced by the third week in May to 6 per cent. and by the first week in July to 4 per cent. The rate was raised again to 5 per cent. in the fourth week of September and remained there till the first week of December, when it went up to 6 per cent. If, as seems possible, we are able to get through the busy season of this year with a rate not higher than 6 per cent., this will be the first occasion since the establishment of the Imperial Bank of India when the rate has not risen as high as 7 per cent., and if we leave two exceptional war years out of the account when conditions were artificial, it will represent what I think must be a record in the history of Indian banking, and will be an achievement for which the authorities of the Imperial Bank of India will deserve our special thanks and congratulations.

REVENUE, 1925-26.

8. *Customs.*—Our Customs revenue for the current year reflects accurately the trade conditions at which I have glanced. The suspension of the Cotton Excise Duty from December onwards, coupled with the notable fall in values, has had the result of reducing our income from the duty by 71 lakhs as compared with the Budget estimate. The yield from the import duty on cotton goods was estimated cautiously at 7·30 crores, or 40 lakhs less than the revised estimate for 1924-25, but it is not now estimated that we shall collect much more than 6 crores. On the other hand, the increase in the world production of sugar has resulted in a very heavy fall in sugar prices leading to a large increase in the imports into India, and thanks to the action of the Legislature a year ago in passing an Act converting the previous *ad valorem* duty on sugar into a

specific duty, our revenues have benefited very materially. Our present anticipations point to an increase of 1,30 lakhs under sugar, fully counterbalancing the decrease under cotton piecegoods. Protective duties show increased yields, and as I have already mentioned, the reduction in the excise duty on motor spirit has proved a great success in that it has led to no such decrease in the yield as cautious estimating made it necessary for us to anticipate a year ago. Thanks to these counterbalancing factors, we now anticipate, in spite of the loss of 71 lakhs on Cotton Excise Duty, gross receipts from Customs for the year of 47·83 crores, which is 30 lakhs higher than the Budget figure. A probable saving of 20 lakhs under refunds enables us to anticipate a total improvement of 50 lakhs in the net receipts which we now put at 46·85 crores.

9. *Taxes on Income.*—Under Taxes on Income, which are based on the profits of the previous year, we made what we considered a conservative estimate for 1925-26 in taking a net yield of 17·35 crores which was 87 lakhs below the Budget estimate of 18·22 crores for the previous year, though the figure actually realised in 1924-25 proved to be 16·01 crores only. Unfortunately our estimate under this head has again proved over-sanguine. The gross receipts are now estimated at 17·88 crores, which is 69 lakhs less than the Budget estimate, while refunds, etc., exceed the estimate by 41 lakhs, making the net yield 16·25 crores, or 1,10 lakhs less than anticipated.

10. *Salt.*—With the salt duty at Rs. 1-4-0 we budgeted for a normal year's receipts. It has proved, however, that we made insufficient allowance for the large accumulation of stocks which followed on the reduction of the duty in March 1924. The off-take of salt in the early months of the summer, particularly from the Northern India Salt sources, was much below normal and for the year as a whole we expect a decrease of 55 lakhs, making a net yield of 6·40 crores in comparison with the Budget figure of 6·95 crores.

11. *Opium.*—A supplementary grant of 51 lakhs was passed by this House during the Simla session in order to meet extra payments to cultivators in the United Provinces on account of the high outturn of the opium crop. The extra payments required, owing partly to savings elsewhere, are now expected to be 35 lakhs only, and they will be more than counterbalanced by the increase in receipts. The stocks of excise opium in treasuries which, as I explained in my Budget speech last year, were taken over and paid for by the Local Governments as on the 1st April 1925, have proved to be higher by 24 lakhs than we had allowed for, thus adding by this amount to our non-recurrent receipts under this head. After taking these and other factors into account, we now anticipate that our net revenue from opium in the year will be 2·24 crores, which is 48 lakhs higher than we estimated last March.

12. *Railways.*—In framing our estimate of the receipts of the General Budget from Railways we allowed for the fixed contribution of 5·09 crores together with an estimated receipt of 15 lakhs representing one-third of

the excess over 3 crores expected to be transferred to the Railway reserve. The net earnings from railways have proved, as the House is aware, slightly higher than anticipated in the original Budget, so that our share in the surplus over 3 crores is increased by 8 lakhs, and the total contribution from Railways is estimated at 5·32 crores.

13. *Other Revenue heads.*—We expect an increase of 43 lakhs under Interest owing mainly to higher rates for short money in London and higher cash balances there, and for similar reasons we anticipate an additional 46 lakhs of interest on investments of the Currency Reserves. The receipts from the Enemy Ships account and the first instalment of Reparation payments from Germany under the Dawes scheme give us an extra 21 lakhs under the head of extraordinary revenue. This completes my survey of the Revenue side of the account for 1925-26, and explains my reasons for putting the revised estimate of revenue for the year at 131·35 crores instead of 130·68 crores.

Expenditure, 1925-26.

14. *Exchange.*—For a great part of the year we have been effecting our remittances at the fixed figure of 1*s.* 6$\frac{3}{16}$*d.* and we are now able to anticipate that the average rate of exchange for the year as a whole for accounts purposes will be 1*s.* 6$\frac{3}{32}$ *d.* as against the Budget figure of 1*s.* 6*d.* Apart from an improvement of 6 lakhs in our railway revenues which affect us only indirectly, and again of 7 lakhs in regard to our capital expenditure, the revised figure for exchange accounts to the extent of 10 lakhs for an improvement in our revised budget of revenue and expenditure.

15. *Military Services.*—The variations in the largest item of our expenditure, Military Services, are not of the same magnitude as in previous years. The net expenditure on Military Services, according to the Budget estimate for the current year, was 56¼ crores. Accuracy in reaching a revised figure for military expenditure at this period of the financial year is always specially difficult to attain, but the course of expenditure up to date points to a total net figure of 56·28 crores, or practically the same figure as our first forecast. Scrutiny of the account for non-effective services between India and the War Office has led to a special credit, for which no provision was made in the estimates of about 70 lakhs, representing a revision of the account with retrospective effect from 1919. As against this, expenditure in India has markedly exceeded the estimate in certain directions. A special provision amounting to 40 lakhs has had to be made for the purchase of certain kinds of ordnance equipment in which serious shortage has been disclosed. His Excellency the Commander-in-Chief has instituted an expert inquiry into the whole question of ordnance equipment with a view to ensuring that the real facts may be brought into clearer light and that the reasons for these shortages, which ought not to have occurred, if the system of control had been working properly, may be fully disclosed. A special grant of 15 lakhs has also been allotted for the purchase of supplies of ghee in March in advance of next year's require-

ments, it having been ascertained that by purchasing at an earlier date each year considerable economies can be effected. Savings of 16 lakhs on pension charges in India and an excess expenditure of about 20 lakhs owing to higher prices for articles of food and forage, are among the most important of the other variations. Since the net result of these variations is to bring the revised figure for net military expenditure out at practically the same total as the original Budget, the Finance Department are entitled to congratulate themselves on the satisfactory operation of the system introduced in connection with the 1925-26 Budget, of making a lump sum cut, which amounted this year to 20 lakhs, over the total military estimate.

16. *Civil expenditure.*—I have already mentioned the excess of 35 lakhs in opium expenditure. Interest charges on permanent debt also exceed the estimate by 35 lakhs owing to the capital expenditure on railways having been less by 3½ crores than the budgeted figure, to a reduction in the interest chargeable to the Posts and Telegraphs Department of which I shall speak later, and to the fact that the rate of interest chargeable on railway and other capital expenditure since 1917, which is arrived at by taking an average of the rates at which the Government of India have borrowed since that date, has proved to be less than the figure assumed at the time of the preparation of the Budget. Plans are being worked out with a view to a modification of this rather complicated system of calculating interest and the substitution of a new procedure which will be less likely to disturb our Budget estimates. On the other hand the revised figures of 1925-26 profit by an unexpected credit of 30 lakhs under the head of Interest owing to the payment by the Bombay Government of interest to the Provincial Loans Fund for 15 months instead of 12 months—a change of procedure introduced in order to bring their interest dates to the 31st March in each year. Slight variations in regard to other Civil expenditure apart from Posts and Telegraphs mostly cancel each other. The increased bounties on steel are almost exactly set off by the transfer of the charges on account of the Security Printing Press at Nasik to capital.

17. *Precautions against over-estimating.*—I have already referred to the successful operation, so far as military expenditure is concerned, of the system introduced a year ago, with a view to preventing over-budgeting, of making a lump sum cut. The total cut made in the estimates of Civil expenditure was 15 lakhs. It was made under twelve different heads, and in all except two cases the cut has justified itself, the total expenditure having been kept by the Departments concerned within the reduced grants. The two exceptions are the Survey of India and the Indian Stores Department, in regard to both of which the House has already voted supplementary grants. As I explained in my Budget speech a year ago, this new procedure was regarded as experimental and we are proposing to repeat it for a second year in connection with the Budget for 1926-27.

18. *Posts and Telegraphs.*—The working of the Indian Posts and Telegraphs Department in the current year requires rather fuller treatment.

The total gross receipts are now expected to be 10·23 crores, or 18 lakhs lower than the estimate. On the other hand, there is a saving of 19 lakhs in working expenses which, owing to certain abnormal circumstances which I shall explain shortly, are now estimated to amount to 9·57 crores. This makes the net receipts 67 lakhs as against our anticipation of 65½ lakhs. This figure is of course exclusive of interest charges. At the time of the Budget it was anticipated that the final result of the working of the department for the year, after adjustment of interest, would be a small loss of Rs. 60,000. The figure included in the Budget for interest was 66 lakhs and was based, as I explained a year ago, on a rough figure, not at that time completely examined, for the total capital outlay on the Indian Posts and Telegraphs Department. The figure taken was lower than the capital outlay as shown in our books, and the intention was that the interest actually charged should be based on the depreciated block value of the assets of the department on the 1st of April 1925 when finally ascertained. The departmental investigations into the value of this block have now been completed, but the report is still under consideration. According to the figures in this report, the value of the assets is very much less than the book value, but the exact figures have still to be settled. For the present, I have felt justified in taking a round figure of 49 lakhs for interest as against the figure of 66 lakhs taken in the Budget. On this assumption, the net result of the working of the department as a whole is a profit of nearly 18 lakhs. This surplus is, however, non-recurring. The expenditure on postal stationery and stamps included in working expenses was 10 lakhs below the normal owing to the fact that the department was eating down stocks during the year. In addition, a previous wrong adjustment to the extent of about 8 lakhs under the head of Stationery and Printing charges has had to be corrected in this year's accounts, thus reducing the working expenses by a non-recurrent sum of 8 lakhs. The true estimated profit is thus reduced to vanishing point unless further savings accrue in working expenses, and unfortunately there is still some doubt as to the correctness of the figure for interest.

19. The House will remember that in my Budget speech a year ago I explained that it was proposed to transfer to capital the stocks of postal and telegraphic stores carried on revenue account on the 31st March 1925. The total value of such stores in the Indian Posts and Telegraphs Department was then estimated to be 1,24 lakhs. The actual balance has proved to be 1,61 lakhs. The stocks held in the Indo-European Telegraph Department have also to be taken into account, and as the credit on this account has proved to be 15 lakhs more than we allowed for, the total amount of this non-recurring credit to Revenue during the year 1925-26 will be 1,81 lakhs.

20. It will be seen that the revised estimates of revenue and expenditure for the current year have had to be arrived at after taking into account considerable variations not contemplated in our Budget estimates. The most important of these, apart from the results of suspending the

Cotton Excise Duty, are the increased credit to revenue of 52 lakhs from Posts and Telegraphs stores which I have mentioned, the increase of 24 lakhs in the value of the stocks of opium at treasuries taken over and paid for by Local Governments this year, the transfer of 17 lakhs of revenue expenditure to capital account in the case of the Security Printing Press at Nasik, and the decrease in net expenditure under the head of Interest amounting to 30 lakhs resulting from the payment by the Bombay Government of interest for fifteen months instead of twelve. All of these four items are in the nature of book-keeping transactions, but they have none the less the effect of swelling our surplus. The figures given in the Budget estimate for revenue and expenditure for the year were 130·68 crores and 130·44 crores respectively, leaving an estimated surplus of 24 lakhs. The improvement shown in the revised estimates is 1,06 lakhs, the figure for revenue being 131·35 crores and for expenditure 130·05 crores. The four special items which I have mentioned aggregate 1·23 crores and more than account for the increased surplus.

21. The following statement shows the main variations in revenue and expenditure working up to this total:—

	Lakhs.	
	Better.	Worse.
Customs	50	...
Taxes on Income	...	1,10
Salt	...	55
Opium (net)	48	...
Interest receipts	43	...
Currency receipts	46	...
Extraordinary receipts	21	...
Interest on debt (net)	...	35
Posts and Telegraphs	77	...
Railway contribution	8	...
Other heads	13	...
	3,06	2,00
Total, better	1,06	
Budget surplus	24	
Revised surplus	1,30	

22. *Indian Archæological Fund.*—This anticipated surplus would in the ordinary course be applied automatically to the reduction or avoidance of debt. The Government of India, however, desire to place before the Legislature a proposal for the utilisation of 50 lakhs of this surplus for the formation of an Indian Archæological Fund. The details of the proposal, which will be embodied in a Bill, will be explained more fully to the House

in due course. Its financial effect will be to apply 50 lakhs of the surplus, which would otherwise go to debt redemption, for the purpose of capitalising our liabilities in connection with archæological research. It is not therefore, except in form, a departure from the sound rule that a realised surplus should go to reduction of debt. Future budgets will be saved from a revenue charge on this account, but as it may be assumed that our outstanding debt will be 50 lakhs higher than it would otherwise be and our interest charges consequently increased, the net ultimate effect on future budgets is *nil*. Its immediate effect upon our revenue estimates for the current year will be to reduce the revised figure for the surplus to 80 lakhs.

23. We who are living in Delhi do not need to be reminded of our debt to the Archæological Department. When in the intervals between our deliberations we visit any one of the historical monuments that surround us, we realise the care and skill which have been devoted to preserving these ancient structures and to beautifying their surroundings. We realise and are grateful. But this is not the only side of the Department's activities. There is another which is perhaps less well-known, the work of excavation. Some of us have had the privilege of visiting Taxila and studying the fascinating antiquities, taking us back two thousand years in Indian history, which have been unearthed there in the last two decades. We are glad that they are now to be housed in a suitable museum. But if Taxila takes us back two thousand years, the recent discoveries at Harappa and Mahenja-Daro will, if the evidence is confirmed, transport us in one flight to a period of Indian history three thousand years earlier. Nay more: they hold out expectations of enabling us to get back thousands of years earlier still to a period in human history which was as remote from the inhabitants of Mahenja-Daro in the year 3000 B.C. as those ancient Indians of the Indus valley are from us to-day. The Indo-Sumerian discoveries open up a vista which may once again revolutionise the world's knowledge of the early history of mankind. Their possibilities are such that they must excite even the most unimaginative.

24. Sir John Marshall, to whom since the day when the late Lord Curzon brought him here Indian archæology owes a very great debt, has stated that a hundred crores of rupees could be spent on archæological research in India without doing more than scratch the surface. Almost the only source from which funds are at present available for excavation in India and Burma is the Central Budget. However desirable archælogical expenditure may be in the cultural interests of India and of mankind, it is obvious that the taxpayer cannot be asked to give more than comparatively small sums. In 1923-24 the grant for Archæology was cut down severely under the influence of retrenchment. In 1925-26 the sum available for research was about 1·3 lakhs including the provision made in connection with Sir Aurel Stein's special work in Central Asia. The Finance Department have been pressed to provide a considerably larger sum in 1926-27, but we intimated that about 2½ lakhs was the maximum which we could see our way to grant.

25. Meanwhile, in spite of the obvious importance of following up the recent discoveries, the Archæological Department have found that they cannot frame a considered programme for a period of years and cannot train young Indians as archæologists in the absence of the possibility of giving them security of tenure or employment. The idea has accordingly been mooted that an Indian Archæological Fund should be started, and a Board of Trustees established somewhat on the lines of the Trustees of the British Museum. Once the Fund came into effective existence, it might, it is hoped, attract donations from Indian Princes and from others interested in archæology and from winter visitors to India whose imagination is, I find, always stirred by Indian monuments. The essence of the proposal which will be placed before the Legislature therefore is that, instead of voting a grant of 2½ lakhs in the estimates for 1926-27 it should make a supplementary grant of 50 lakhs out of the surplus of 1925-26 as an initial endowment for the Fund. As I have already explained, this amounts to little more than a book-keeping change so far as our budgets for 1926-27 and for future years are concerned. Meanwhile, however, the Fund will be well started; the interest on the endowment of 50 lakhs will bring in approximately 2½ lakhs a year to be spent on archæological research. The Trustees will be able to make an attractive appeal in other quarters for additional endowments and can go ahead to frame a programme and to train budding archæologists. Archæological excavation is the most practical form of historical research, and it is a form in which I am convinced India can make an immense addition to the world's historical knowledge. But it is ineffective unless it can be pursued on an adequate scale and according to a programme based on the regular receipt of at least a minimum income. The income of the proposed Archæological Fund will be devoted to systematic and continuous archæological excavation. The people of India are justly proud of their past and I feel sure they will welcome the establishment of this endowment for historical research.

WAYS AND MEANS AND PUBLIC DEBT.

26. The real improvement which has come about in the finances of the Government of India during the last few years and the strength of our position during the financial year 1925-26 are strikingly reflected in the figures of our Public Debt and of our debt position generally and in the story of our ways and means operations. The House will remember that in my Budget speech last year I stated that not only did we not anticipate any necessity for borrowing outside India during the year, but also that the maximum amount that we should require to raise by a rupee loan in the open market in India would be 12 crores. I stated that it was not improbable that at the same time as we approached the market for a rupee loan we should also place before the public a conversion offer with a view to beginning operations for the conversion of early maturing bonds. In the event, we found ourselves able in June 1925, to announce that our

operations in the market in India would be confined to a conversion loan in view of the improvement shown by the figures of our actual balances on the 31st March 1925, in comparison with our anticipations indicated in the revised budget figures. This increase in balances was mainly due to the increase in the net railway earnings which affected both our revenue surplus and our ways and means position, and to the drawings upon us by the Provincial Governments proving very much less than they had anticipated at the time they framed their budgets.

27. Our ability to dispense with a cash loan was most welcome to the money markets of India, but it was a subject of some comment in various quarters that the estimates framed at the time of the introduction of the Budget were proved only three months later to be so far out. I am inclined to think that the phraseology consecrated by long usage in Indian budget speeches which refers to the ways and means portion of the statements as a "Ways and Means Budget" is somewhat misleading, in that it may tend to give the public the impression that the figures and estimates in the ways and means portion of the Budget make a claim to comparative exactness not inferior to that made by the figures of our revenue and expenditure estimates. Our Ways and Means Budget is intended to be and necessarily must be illustrative rather than exact. The ways and means figures bring together the net results of operations of very varying character all over India and Burma and in London. To a large extent these operations are either not under the control of the Government of India at all or only very indirectly under their control. The aggregate result of the variations in the estimates of incomings and outgoings of the Provincial Governments on Revenue and Capital account brought to light between the date at which the Central Budget figures were prepared and the date when the balances of the Provincial Governments on the 31st March 1925, began to be approximately ascertained—a period of from 3 to 4 months—accounted for a reduction of not far short of 6 crores in our estimate of the finance required during the year 1925-26 for meeting aggregate outgoings. Apart from the operations of the Provincial Governments, our balances are affected by the incomings and outgoings on account of various deposit and advance heads, sums received and paid out in respect of provident funds of various descriptions, deposits and withdrawals of the Post Office Savings Bank, and purchases and encashments of Post Office Cash Certificates. In these circumstances it is neither possible nor desirable to attempt to lay down a rigid ways and means programme far in advance. The only result of doing so would necessarily be to swell our balances needlessly. At the same time it is certainly desirable that we should do anything that may reasonably be possible to secure greater accuracy in the estimates of Provincial Governments' incomings and outgoings, and I am not entirely satisfied that improvement in the machinery for dealing with our deposits and advances accounts is unattainable. These and cognate subjects are at the present moment engaging the careful attention of the Finance Department of the Government of India.

28. The decision to confine our market operations to the conversion loan in the summer of 1925 has been amply justified by results. In spite of heavy remittances in advance of requirements in London, we have been able to finance our outgoings in India without serious inconvenience, and without resort to the money market for temporary accommodation or assistance from the Imperial Bank in the form of ways and means advances. The conversion loan resulted in conversions of bonds maturing during the years 1925 to 1928 to a total of 30·61 crores, of which over 25¾ crores were conversions into the 5 per cent. income-tax free loan of 1945-55, and about 4¾ crores into the new issue of 10-year bonds liable to income-tax. The conversion loan involved immediate cash payments which amounted to 87·6 lakhs. This sum, however, included the premiums on 1925 and 1928 bonds to the extent of 23·4 lakhs which would have had to be paid at maturity in any case. The additional amount of cash payments involved may therefore be put at 64·2 lakhs. As the result of the conversion loan we have effected an annual saving in interest on the bonds converted of approximately 18·7 lakhs, and in addition 4¾ crores of the public debt have become subject to income-tax instead of being income-tax free. Moreover, apart from this considerable reduction in our annual charge for interest we have reduced our liabilities for the repayment of maturing loans during the next three years by nearly 29 crores, and in particular our liability in respect of the 6 per cent. bonds maturing in September 1926, has been brought down from 37·9 crores to 20·05 crores. This operation has thus materially eased the problem of dealing with our maturing debt, the magnitude of which I had occasion to explain to the House in a speech on February 18th, 1925, as well as in my Budget speech a year ago, and we hope to reap further reward from this successful conversion operation when the time comes for the issue of a rupee loan next summer.

29. Before dealing with this latter question it would be convenient for me to summarise our ways and means position for the years 1925-26 and 1926-27. The figures are as follows:—

(Figures in crores of rupees.)

	Revised, 1925-26.	Budget, 1926-27.
Outlay.		
	Rs.	Rs.
1. Railway capital outlay . . .	19·5	26·0
2. Other capital outlay (including Delhi, Post and Telegraphs, Vizagapatam Harbour, etc.) . . .	4·5	2·5
3. Provincial Governments transactions .	6·0	7·0
4. Discharge of Debt	38·3	23·8
	68·3	59·3

(Figures in crores of rupees.)

	Revised, 1925-26.	Budget, 1926-27.
Resources.		
1. Surplus	·8	...
2. Rupee Loan	30·6	22·0
3. Postal Cash Certificates	6·4	4·0
4. Other unfunded debt (including Postal Savings Banks)	5·8	5·6
5. Debt Redemption	5·0	5·0
6. Depreciation and reserve funds	7·0	5·6
7. Miscellaneous (net)	·7	2·1
8. Reduction of Cash balance	12·0	15·0
	68·3	59·3

30. The House will share the satisfaction of the Finance Department and of the Government of India in the strength of the position which these figures disclose. During the year 1925-26, instead of borrowing over 7 crores net in the market in India as anticipated in the Budget statement, we have discharged 2 crores net of market debt in India and have paid off 5·7 crores of market and other debt in England. Nevertheless, we have financed during the year new capital expenditure chargeable to loan funds to a total of 30 crores of which 6 crores is on behalf of Provincial Governments through the Provincial Loans Fund. How has this striking result been achieved? A fuller explanation would involve a closer analysis of the figures than is perhaps desirable in a Budget speech, and I must be content to refer only to the main items. Our capital expenditure has been financed in the first place to the extent of about 12 crores by a reduction of balances, though these are still about 14 crores higher than we anticipated a year ago. Our Debt Redemption scheme gave us 5 crores and our revenue surplus will give us 80 lakhs. The Post Office Cash Certificates and other unfunded debt, including the surplus of Post Office Savings Bank deposits over withdrawals, and the railway reserve and depreciation funds provided us with the balance. The incomings from railway reserve and depreciation funds and from cash certificates were in each case about 2 crores more than we had estimated.

31. In 1926-27 maturing debt falling due for repayment including railway debentures to be redeemed in England amounts to nearly 24 crores. The capital expenditure of the Central Government amounts to 28½ crores of which 26 crores is railway capital outlay. The Provincial Loans Fund estimate shows an outgoing of 7 crores for advances to Provincial Governments. We thus require nearly 24 crores for maturing debt and 35½ crores for new capital expenditure or nearly 60 crores in all. In order to meet this liability we expect to be able to draw further on our cash balances to the extent of 15 crores. We look for 11½ crores from miscellaneous sources including Post Office Cash Certificates and other unfunded debt, and about 5 crores each

from the Debt Redemption provision and from railway reserve and railway and other depreciation funds. So far, therefore, as we are able to judge from our present estimates, we shall require to raise a loan in the money market of an amount not exceeding 22 crores. There is no likelihood of our having to resort to external borrowing during 1926-27, this being the third year in succession in which the issue of an external loan will have been avoided. We expect to confine ourselves accordingly to the issue of a rupee loan in the Indian money market for a sum not exceeding 22 crores, of which 20 crores will be for the renewal of the bonds maturing next September. The net amount of new money required from the Indian market will not exceed 2 crores, which is less than the amount needed to pay off external debt in London. More than the whole of our new capital programme amounting to over 35 crores will be financed without recourse to market borrowings. It will be a matter for consideration whether at the same time as we issue our rupee loan we should offer a further opportunity to holders of bonds maturing after 1926 for anticipatory conversion, as we did last year.

32. In any case I feel confident that the strength of the position thus disclosed following on what was achieved during 1925 will have a markedly favourable effect on the terms on which we shall be able to borrow. The progressively falling rate of interest at which our loans in India have been taken up by the public will continue to operate to our advantage. Our conversion issues last summer were offered on a basis of 5 per cent. tax-free or about 5½ per cent. subject to tax. It is interesting to observe that the new 5 per cent. bonds subject to tax are now quoted in the market at a price showing a considerable premium over the issue price and our 5 per cent. tax-free loan 1945-55 now stands definitely above par. The following figures showing the market prices of Indian Government securities in India for the last four years tell their own tale.

—	MARKET PRICE ON			
	1st February, 1923.	1st February, 1924.	1st February, 1925.	1st February, 1926.
	Rs.	Rs.	Rs.	Rs.
5 per cent. Tax-free loan 1945-55 .	88 4	96 10	97 15	100 12
3½ per cent. Indian Government Rupee loan.	57 0	66 0	66 9	70 8

33. While I am dealing with this subject, I shall like to draw attention also to the movement of prices for Indian Government stocks in London, which brings out clearly the advance in the Indian Government's credit in that market which has resulted from the absence of any new borrowing since May 1923 and from the general improvement in India's financial position. As I pointed out last year, we were fortunate in the rate we secured in May 1923

for our last loan in London. Generally speaking, prices of gilt-edged securities on the London market stood at a higher level at that period than they have done at any time since that date, when we offered £20 million of India 4½ per cent. stock to the public at 90. The market prices of gilt-edged securities in London including Indian Government loans are at all times governed by the general conditions of the market, and have during the last year been considerably affected by the comparative stringency which followed on the steps taken to restore and maintain parity of sterling with gold. The following figures compare the price of India 3 per cent. and 3½ per cent. stock in London in April 1914, April 1923 and February 1926, with the prices of certain other gilt-edged securities at the same dates:

	30th April, 1914.	30th April, 1923.	1st February, 1926
India 3 per cent. loan . .	75¼	60¼	58
India 3½ per cent. loan . .	88¼	70¼	68
Local loans 3 per cent. stock .	87	69⅛	64¼
London County Council:			
3½ per cent. stock . .	97	79⅞	73
3 per cent.	81	68½	63

I give a further table comparing the price of India 4½ per cent. stock on 30th April 1923 and 1st February 1926 with the price of British Government 3½ per cent. conversion loan on the same dates.

	30th Apr.l, 1923.	1st February, 1926.
India 4½ per cent stock	90⅜	88¾
3½ per cent. conversion loan	81	76 5/16

It will be seen that, though owing to general market conditions the prices of Indian Government securities are lower now in London than they were either in April 1923 or in April 1914, the credit of the Government of India stands considerably higher in the market in relation to that of the British Government and other gilt-edged borrowers than it did either in 1914 or in 1923. Another rather remarkable conclusion which emerges from these figures is that the Government would at the moment at least have to pay rather a higher rate of interest for money borrowed in London than for a loan issued in India.

34. It is not open to doubt that the improvement in India's credit to which I have drawn attention is due to the strenuous efforts made by the Government of India and the Legislature to restore and maintain complete budgetary equilibrium and to the policy which we have adopted in regard to provision for reduction and avoidance of debt and to strict adherence to our rule of borrowing only for purposes which are clearly reproductive. The effect of this policy of encouraging whenever possible all sound schemes that come forward for capital expenditure of a reproductive character and using our credit in the market only for the purpose of financing such reproductive expenditure, apart of course from the financing of maturing liabilities, is further illustrated in the figures which I now proceed to give regarding the Debt of India. As this is the last Budget with which the present Assembly will be called upon to deal, I have had figures prepared showing the position of our

debt as on the 31st March 1923 in order to bring out the changes which have taken place during the three financial years corresponding to the three years of life of the present House.

Statement showing the Debt of India, outstanding on the 31st March 1923, 31st March 1924, 31st March 1925 and 31st March 1926.

—	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.
In India :—		(In crores of rupees.)		
Loans	339·83	358·81	370·38	368·35
Treasury Bills in the hands of the public.	21·59	2·12	...	...
Treasury Bills in the Paper Currency Reserve	49·65	49·55	49·65	49·65
Other Obligations—				
Post Office Saving Banks	23·20	24·79	25·64	27·48
Cash Certificates	3·13	8·42	13·12	19·52
Provident Funds, etc.	36·17	39·00	42·39	46·27
Total Loans, etc.	411·07	410·58	420·03	418·00
Total Other Obligations	62·50	72·21	81·15	93·27
Total in India	473·57	482·79	501·18	511·27
		(In millions of £)		
In England:—				
Loans	222·92	244·53	263·39	266·43
War Contribution	19·71	19·27	18·81	18·32
Capital value of liabilities undergoing redemption by way of terminable railway annuities.	61·31	60·10	58·84	57·53
Provident Funds, etc.	·04	·13	·16	·20
Total in England	303·98	324·03	341·20	342·48
		(In crores of rupees)		
Equivalent at 1*s.* 6*d.* to the Rupee	405·31	432·04	454·93	456·64
Total Debt	878·88	914·83	956·11	967·91
Productive { for Central Government.	536·65	557·09	600·05	627·71
Productive { for Provinces.	87·49	97·56	106·43	114·39
Total Productive	624·14	654·65	706·48	742·10
Unproductive	254·74	260·18	249·63	225·81
Total	878·88	914·83	956·11	967·91

35. In order to show the figures of our external debt in a significant way, I have converted sterling at the current rate of 1*s*. 6*d*. per rupee not only for 1925 and 1926 but also for 1923 and 1924. The improvement in our exchange has undoubtedly given us some temporary relief in the burden of interest and other payments on sterling debt, and its effect of course is to bring about a marked reduction in the rupee figure as compared with what it would have been at 1*s*. 4*d*. It must be assumed, however, that the higher rate of exchange has no permanent effect on the actual burden imposed on the country in meeting our external obligations since, if the number of rupees required is reduced, the commodity value or purchasing power of each rupee is correspondingly enhanced. The effect of taking 1*s*. 6*d*. is also particularly noticeable in regard to the unproductive debt figures. It will be seen that our total debt of all kinds had increased from 878·88 crores on the 31st March 1923 to 956·11 crores on the 31st March 1925 and by a further 11·80 crores to 967·91 crores on the 31st March 1926. The unproductive debt was 254·74 crores on the 31st March 1923, 249·63 crores on the 31st March 1925, and will be 225·81 crores on the 31st March 1926 out of a total debt of 967·91 crores. At the present moment it may be said, in order to put the position in a graphic way, that the whole of our rupee debt and more than half of our sterling debt is productive, and that our unproductive debt is now less than one quarter of the whole debt. Excluding the Provincial Governments' debt, the increase in the productive debt during the current financial year amounts to 27·66 crores, while the increase in the three years since 31st March 1923 amounts to 91·06 crores. Unproductive debt has decreased during the year 1925-26 by 23·82 crores.

36. Our internal debt, excluding Provincial Governments' debts to the Government of India, on the 31st March 1923 was 386·08 crores, on the 31st March 1925, 394·75 crores, and on the 31st March 1926, 396·88 crores. Our external debt on the 31st March 1923 was 405·31 crores, on the 31st March 1925, 454·93 crores, and on the 31st March 1926, 456·64 crores. The increase in our external debt during the current year is, as last year, purely nominal. The latter figure includes 4·67 crores or £3½ million of Great Indian Peninsula Railway Company's debentures which, exactly as was the case in 1924-25 with the 24·67 crores or £18½ million of East Indian Railway Company's debentures, are not really an increase in the debt of India as a whole but are merely a transfer from the railway company to the Government of the liability to meet the same interest charge out of the earnings from the same Railway. These two operations more than account for the whole of the increase in the net amount of our sterling debt since 1924. In real truth the operations of the last two years have effected a considerable reduction in India's external liabilities, since, besides taking over the debentures of the railway companies concerned, the Government of India have brought out the shareholders of these railway companies without borrowing in London for the purpose, thus converting an external debt into an internal debt. A further operation of the same sort will take place on the 1st April 1926 when a sum of £3 million provided out of the Government of India's rupee resources and remitted in sterling to London will be applied to buying out the shareholders of the Delhi-Umballa-Kalka Railway.

37. I have more than once publicly stated my conviction that if India would only learn to use her potential capital in greater measure for productive purposes than she does at present—I do not mean merely for investment in Government securities—and by the development of the banking and investment habit would make available for remunerative expenditure in India a larger portion than she now does of the surplus which she earns annually by the export of her products, not only would an immense impetus be given to the commercial and industrial development of India's resources and new and attractive fields opened for the employment of her educated young men, but the process of converting external debt into internal debt could be very greatly accelerated. In two years the tax-payer of India has managed, without increasing his external obligations, to purchase for his own use and profit the equity of the East Indian Railway, the Great Indian Peninsula Railway and the Delhi-Umballa-Kalka Railway. Is not this an object lesson of what the future may have in store if we set our minds wholeheartedly to the development of our own internal resources by the wise application and investment of our own internal capital? The Government are doing what they can to forward the movement, but much must depend on private enterprise and initiative, on the spread of education of the right kind and on the combating of what has been well designated by my friend Mr. Rushbrook Williams as India's "uneconomic tradition which does not recognise the production and accumulation of wealth as being among man's legitimate aims." There are those, I know, who fear that acceptance of the legitimacy of such an aim would involve a prostitution of India's highest self to ignoble ends. What shall it profit a man if he gain the whole world and lose his own soul? If I believed that India's adoption of this western economic doctrine would jeopardise the high achievements of India's speculative thought and sacrifice her spirituality to a materialistic and selfish creed, I would unhesitatingly range myself with the opponents of change. I do not think it is open to challenge that the depths of understanding of man's relation to the Infinite which have been attained by the best of India's speculative thinkers hold out to Western civilization as it exists to-day a hope of spiritual progress—I stress the word "progress"—which is an essential complement and corrective to the materialism which springs from over-emphasis on the practical business of conquest of Nature's secrets and their compulsion to man's service. India long ago revolutionised mathematics and provided the West with the key to the most far-reaching of all among the mechanical instruments on which its control of nature has been built, when it presented to Europe through the medium of Arabic the device of the cypher upon which all modern systems of numeration depend. Even so, India, to-day or to-morrow, will, I feel confident, revolutionize Western doctrines of progress by demonstrating the insufficiency and lack of finality of much of the West's present system of human values. But I do not think that the denial of all value to western endeavours to increase the production and accumulation of wealth is essential as a support to the Indian philosophy of life. I hold that increased production and accumulation of wealth are a means—in themselves indifferent, neither good nor evil—but an indisputable means towards the attainment of a higher ideal, the broaden-

ing and deepening of life's meaning for the individual and still more for the mass of mankind. What matters essentially is the purpose with which they are striven after, and East and West alike can and ought to strive after them as a means to a higher end. It is an Indian commentator on Mr. Rushbrook Williams' challenge who has said that the trouble is that this uneconomic tradition has not made the Indian less materialistic than the European, but it has made him a worse materialist.

38. *Post Office Cash Certificates.*—Among the instruments of our policy of encouraging the investment habit, the Post Office Cash Certificates takes a prominent place. This security combines in itself features belonging to savings bank deposits, in particular the facility for encashment at any time and protection against any risk of depreciation in value, together with some of the characteristics of an investment. It may be regarded as the ideal security for the very small investor enabling him to cross the bridge dividing a depositor in a savings bank from a holder of marketable investment securities. It has been observed in England, and is no doubt true in India also, that a considerable portion of the money withdrawn when Savings Certificates are cashed is not really thereby withdrawn from investment altogether, but is used for the purpose of reinvestment by the holder, for example, in house property, in the purchase of a business or in a marketable security of some kind. The money would very likely not be saved at all if it had not first of all been attracted to the profitable purpose of the purchase of one and then another cash certificate. It is then accumulated for a period at compound interest and when it comes to be withdrawn the sum, now grown to larger dimensions, is added to the invested capital of the country, and all the time a new class of small investor is being created by this process. During the year the popularity of the Post Office Cash Certificate has been even more pronounced than before and any action tending to check the growth of the habit of investment in cash certificates would be contrary to the true interests of India.

39. At the same time it must be realised that the rate of 6 per cent. compound interest, which is obtainable on a cash certificate held until maturity, is now unduly high when regard is had to the general fall in the rate of interest obtainable on other Government securities. We are moving on, as I have already said, towards a period when even 5 per cent. will seem a high rate of return on an investment issued on the security of the Government of India. The recent action of the Imperial Bank of India in reducing its rate of interest for savings bank deposits to 3½ per cent. may be cited as a further proof of the passing of the period of high interest rates generally. We are therefore considering the question of making some alteration in the terms on which the Post Office Cash Certificates are at present offered for subscription, while at the same time introducing certain new measures which will add to the popularity of these certificates and prevent any reduction in the yield from checking seriously the growth of the habit of investing in them. I have observed recently some criticism of the Government's policy in offering these certificates for sale on the ground that the growth of bank deposits is thereby checked.

In so far as these complaints have reference to the high yield at present obtainable, the reduction which we contemplate should remove any ground for objection. But I take issue with these critics when they imply that the general policy of issuing cash certificates militates against other forms of saving and depositing of savings with banks. No truth has been more firmly established by the experience of all the countries which have adopted and extended the system of cash certificates or corresponding securities than that the general stimulus to saving and investing which they give reacts beneficially on all other forms of saving.

40. The Government of India are not infrequently accused of want of elasticity in their approach to financial questions and lack of imagination and of sympathy with the burden of the tax-payer of the day. I take the accusation of want of elasticity as a compliment. It can, I think, mean little more than that we have a definite policy and stand by it. Imaginative finance is apt to mean a capacity to budget for imaginary receipts which fail to accrue. The easiest road to popularity for a Finance Member is the adoption of a policy of making posterity pay. I have already drawn attention to the really striking improvement in our credit and in the figures of our Public Debt which has resulted from strict adherence to the principles of avoiding all borrowing for other than truly productive purposes and making adequate provision for reduction or avoidance of debt. The common complaint against this policy is that it adds to the burden of the tax-payer of to-day by postponing the date when Provincial contributions can be further relieved and taxation reduced. I challenge even this conclusion. The direct result of our policy on the Budget figures for 1926-27 is that our total charge for interest is over 1 crore less than in the revised estimate for 1925-26 and 3·44 crores less than in 1923-24. A continuance of this policy is certain to lead, in the absence of untoward incidents, to a considerable further reduction in the charge for interest in 1927-28 and future years. Departure from it would have disastrous effects on the rate of interest which we should have to pay for renewals of our maturing debt and for the new capital required for reproductive purposes. If we are able this year to bring to an end the unhappy history of the Cotton Excise Duty, it is largely because of the reduction in our interest charges. Nor is it only the tax-payer of the Central Government who benefits by the results of this policy. The figures I have given relate to the net charge for interest in the Central Budget alone. If railway rates and fares are in process of reduction, it is in part due to the reduction in the charge for interest on capital, present and future, invested in our railway enterprises. If some of the Provincial Governments have received relief in regard to their Provincial contributions and if they and the other Provincial Governments are hoping for further relief, it is to an appreciable extent the reduction in our interest charges which has enabled us to do what we have done and which justifies our hope and theirs of further relief. Not only so, but the reduction in the charge for interest directly affects their own budgets, in that it serves to reduce the rate which they have to pay for their borrowings from the Central Government. A year ago the House showed its recognition of the wisdom of our

policy regarding provision for reduction and avoidance of debt by endorsing that policy and voting in full the demand in which that provision was included. To-day I am able to show to the House the direct benefits of its wise action in this matter, and I trust that the House and the country will now realise that it is not from any desire to maintain taxation at a higher level than is absolutely unavoidable that we insist on the debt policy which we have adopted, but that such a policy is directly calculated to bring real advantages and real relief to the tax-payer of to-day as well as to the tax-payer of to-morrow.

41. *Improvements in financial machinery.*—Before I pass on to the Budget estimates for 1926-27, I desire to refer briefly to some not unimportant changes which have been made this year in the form of the documents which will shortly be placed before the House. A year ago, as the House will remember, we introduced various changes in the form of the Demands for Grants in the light of observations made by the Public Accounts Committee. This year we are in possession of the results of an inquiry conducted at the request of the Public Accounts Committee into the possibility of improving the appropriation reports on lines suggested by that Committee. The Auditor General's recommendations were considered by the Public Accounts Committee in August last and received their general approval, and their wishes are being carried out in the Appropriation Reports for the year 1924-25 now under preparation. In order to bring the Demands for Grants into general conformity with the Appropriation Reports and thereby to facilitate comparisons between estimates and actuals, corresponding changes have been made in the form of the Demands for Grants for 1926-27. Each grant is now shown sub-divided into a number of sub-heads and the actual expenditure will be accounted for under each, so that the Public Accounts Committee, when they scrutinise the final accounts, will be able to compare without difficulty the actual expenditure with the budget provision under each sub-head and to fulfil more easily their constitutional task of examining the extent to which savings under one sub-head have been utilised by the Executive Government towards extra expenditure under another. The existing division by circles of account has, however, been retained and details of expenditure are given in the same fullness as before. Another change which will jump to the eye of anyone using these volumes is that we have reduced most of them to octavo size—a change which effects a considerable reduction in the cost of printing. It is not possible to alter the size in all cases this year, but our intention is to complete the process of conversion to octavo size in full a year hence.

42. A separate demand will be included in the 1926-27 Demands for Grants for expenditure in connection with the separation of Audit from Accounts in the United Provinces. This measure has been advocated by the Retrenchment Committee and by the Reforms Enquiry Committee from different points of view. The latter Committee held that separation of Provincial from Central finance was an essential preliminary to any appreciable advance towards provincial autonomy in financial matters, but before such separation can be accomplished, Provincial Governments must be in control of their own Accounts.

Audit, however, appears to be a subject which should remain as at present in the hands of a single authority, the Auditor General, all over India. The separation of Audit from Accounts is therefore involved as a preliminary to further advance and it appears to offer other incidental advantages. I need only mention two at present. The new system of accounting which we propose to introduce greatly facilitates a closer and more efficient control of expenditure by the Department responsible for that expenditure as a continuous process during the period of the expenditure. The Audit department, on the other hand, is relieved from the mechanical routine duties involved in the present system and its audit becomes more searching. With the approval of the Secretary of State, therefore, we have decided as an experimental measure to introduce the new scheme of separation, as from 1st April 1926, in the accounts of the United Provinces whose Government have expressed their desire for its introduction.

BUDGET ESTIMATES FOR 1926-27.

Expenditure.

43. *Military expenditure.*—The form in which the detailed Military estimates will be placed before the House has not been materially altered as has been done in the case of the Civil estimates, and the changes are confined to a more logical rearrangement of minor heads. As Honourable Members are aware, a Committee has been appointed to investigate the system of Cost Accounts at present in force in the Army, with a representative of the Public Accounts Committee of this House among the members. Our experience of the present system of cost accounts during the last four years and the fact that the British Government have recently decided to introduce radical modifications into the system of cost accounting in the British Army led us to the conclusion that such an inquiry had become necessary in India. Material changes in the form of the military estimates have therefore to be postponed pending the examination of the recommendations of that Committee. Fuller explanations have, however, been given of the various details of the military estimates in view of the desire expressed in the course of the Budget debates last year by members of this House.

44. The net military expenditure for the year 1926-27 is estimated to amount to 54·88 crores, *i.e.*, a reduction of 1·37 crores as compared with the Budget estimates for 1925-26, thus marking a further stage in advance towards the goal set by the Retrenchment Committee. The provision for established charges amounts to 54·24 crores, the balance representing remnants of special post-war charges. The figure of 54·88 crores includes a sum of 66 lakhs for the payment of gratuities to demobilised officers, this being the last year which will be burdened with a charge of this character. 23 lakhs have been provided for the completion of the building programme in progress in Waziristan and for the Royal Air Force. On the other hand, we appear for the moment to have come almost to the end of the surplus war stores which have been a feature on the credit side of the account for some years past. We are allowing for a credit of only 25 lakhs under this

head as compared with 70 lakhs in the Budget estimates of 1925-26 and 1,10 lakhs in 1924-25. The figure of 54·24 crores net for established charges includes a sum of approximately 60 lakhs for new urgent measures mainly of a non-recurring nature for the purchase of new equipment.

45. Among the more salient features in the new estimates I may mention first the disappearance of provision for one British Cavalry regiment, costing a sum of 22 lakhs a year, which has now been dispensed with, this being the last of the specific reductions of the strength following on the recommendations of the Retrenchment Committee which remained to be carried out. Charges for pensions in India and in England show a recurring reduction of 37 lakhs, while payments to the War Office for British transport charges have been brought down by 17 lakhs. It has been necessary to provide an additional 20 lakhs owing to higher prices for articles of food and forage, and an additional 20 lakhs is also included for the purpose of accelerating the programme of electrification of barracks and of building of new lines for Indian troops. As a set-off to this last liability, an additional credit of 20 lakhs is anticipated from the disposal of surplus military lands and buildings.

46. Our total expenditure on military services, including the Army, Marine, Military Works, and the Royal Air Force, amounted in the year 1920-21 to 87·40 crores net, of which about 20 crores represented special expenditure on operations in Waziristan. With the cessation of these operations, the Budget estimates for 1922-23, which formed the basis of the Retrenchment Committee's investigations, showed a net total expenditure of 67·75 crores. The recommendation of that Committee was that the Budget for 1923-24 should be fixed at 57¾ crores, subject to such additions as might be necessary in view of the delay which would ensue in carrying out the changes recommended and in order to meet special expenditure in Waziristan, etc. The Committee went on to say that for subsequent years the adoption of their recommendations should enable the estimates to be reduced to 57 crores, irrespective of savings due to further economies or fall in prices, and they expressed the opinion that continuous efforts to ensure further reductions should, in combination with the expected further fall in prices, enable the military budget to be reduced to 50 crores net after the lapse of a few years. The actual expenditure of the year 1923-24 amounted to 56·23 crores and the first stage of 57 crores mentioned by the Retrenchment Committee was thus passed in the first year. The figure of 56·23 crores included heavy expenditure on gratuities to demobilised officers and in Waziristan, but these abnormal items were counterbalanced by credits from the proceeds of sale and utilisation of surplus stores. The Budget for the year 1923-24 allotted a net sum of 62 crores for military services. This was reduced in the Budget for 1924-25 to 60¼ crores, but by the time when the Budget for 1925-26 was under consideration the actual effect of the retrenchment operations, which it had been difficult to gauge in advance, had become apparent, and it was possible to reduce the budget provision for 1925-26 to 56·25 crores net.

47. The following table brings out the results achieved at a glance:—

Net expenditure of Military services.

(In crores of rupees.)

	1921-22.	1222-23.	1923-24.	1924-25.	1925-26.	1926-27.
Budget estimate .	66·82	67·75	62·00	60·25	56·25	54·88
Revised estimate .	69·35	67·09	59·74	56·33	56·28	
Actual expenditure .	69·81	65·27	56·23	55·63		

These figures include certain disturbing items both on the credit and debit side, and it is therefore of special interest to compare the true figures of the established charges, that is, the normal cost after elimination of special charges such as those for demobilisation of surplus officers and special credits for the eating down of surplus stores. In comparing these figures with the figures given by the Retrenchment Committee, Honourable Members should bear in mind the fact that certain charges amounting in 1926-27 to 39 lakhs, of which the most important are the charges for Customs duty on imported stores and the cost of Stationery and Printing, have been added to the military estimates since 1923-24, as the result of new decisions regarding classification.

Adjusted figures of Established charges.

(In crores of rupees.)

	1923-24.	1924-25.	1925-26.	1926-27.
Estimate	61·9	59·4	55·0	54·2
Actuals	56·7	55·8	55·2 (Revised estimate.)	

48. I cannot allow this opportunity to pass without referring once again to the deep debt of gratitude which I owe to the late Lord Rawlinson for his wholehearted co-operation and earnest determination to secure economy in expenditure on military services. His untimely death meant a grievous loss to me—I lost a personal friend and a colleague to whom I owed more than I can say—and India lost a true friend. The ideal at which he constantly aimed was an Army in India not larger than he regarded as absolutely essential in India's interests, adequately equipped and fully trained, so that India might obtain the maximum service from a fully efficient force at the minimum cost. Our military expenditure was kept during his regime under constant scrutiny by the Finance and Army Departments with the object of securing further economies. I gladly add that this policy has been continued under his successor and has the full support of His Excellency Sir William Birdwood. I am confident that adherence to this policy will result in still further reductions in our military expenditure without the sacrifice of that essential security which must always be our first aim.

49. We are fortunately able to forsee considerable savings of an automatic character in our established charges in future years, as the result of the reduction of the rates of pay of the British soldier which came into

effect in October, 1925. The immediate saving for 1926-27 under this head is not appreciable as the reduced rates of pay affect only new recruits, but it is estimated that, taken in conjunction with the reductions below present cost which will in due course result from the recent revision of the pay of officers in July, 1924, the savings from this source should amount to 12 lakhs in 1927-28, increasing annually to about 80 lakhs in 1930-31, and about 1¼ crores in 1933-34. Before leaving the military estimates, I must refer briefly to the question of stocks held by the Army on which I commented last year. During the course of the year the whole question has been completely examined and considerable modifications are necessary in the figures then given which were based only on information available at headquarters. A full statement of the balances now disclosed will be found in the volume of detailed estimates. The amount of stocks held proves to be appreciably in excess of the amount indicated in the figures placed before the Retrenchment Committee, and of those on which we have hitherto been working. One of the terms of reference to the expert committee of inquiry into the arsenals and ordnance depôts which I mentioned earlier in my speech is the examination of surplus and obsolete stocks, and I have little doubt that a further reduction will be effected as the result of this inquiry.

50. *Civil expenditure.*—I now turn to our estimates of Civil expenditure. The total figure of Civil expenditure in the revised estimates for 1925-26 is 41·46 crores; the corresponding figure for 1926-27 is 41·76 crores. This small increase, which amounts to 30 lakhs, conceals a big decrease. In 1925-26 we had a big non-recurring credit, originally estimated at 1·29 crores but now ascertained in the revised estimates to be 1·81 crores on account of the transfer of postal and telegraphic stores (including the stores of the Indo-European Telegraph Department) from Revenue to Capital. The chief feature of the expenditure of 1926-27 is the reduction, whose significance I have already endeavoured to explain, of approximately 1 crore in the charge for interest. For market debt the charge for interest in 1926-27 shows a reduction of 1·79 crores on the current year's figures partly because of the effects of our conversion loan and partly because we were able to finance all our own capital expenditure including railways and the capital expenditure of Provincial Governments without adding to our market debt. On the other hand, there is an increase of 75 lakhs under Interest on miscellaneous obligations which includes interest on provident and similar funds, savings bank deposits, cash certificates and unfunded debt generally. The net reduction in interest charges is therefore, as already stated, about one crore.

51. A drastic reduction of the area under cultivation in the United Provinces by one-third results in a considerable reduction in our expenditure on opium. A further reduction is anticipated in the near future as the result of the substantial reduction in the prices paid to cultivators. These steps had already been taken, in consideration of the large surplus of stocks that we at present hold and of future requirements, before we arrived at the

decision announced recently to recommend to the Legislature a policy of progressive reduction and eventual extinction of our exports of opium. On this important question of policy I need say no more at the present moment beyond drawing attention to the fact that it foreshadows the progressive reduction and eventual disappearance of a head of revenue which at present brings us in approximately 2 crores a year.

52. *Additional expenditure on beneficial services.*—Our estimates of Civil expenditure include increased provision for what I may call beneficial services. I drew attention a year ago to the increase in the current year's estimates under these heads and a recent debate showed that the House shares the view of the Government of India that some addition to expenditure in these directions is both desirable and proper, and that the Finance Department's motto of wise expenditure within our available resources and avoidance of waste rather than retrenchment at all costs is endorsed by public opinion. Among new items and increases in existing items of expenditure on beneficial services included in the Demands for Grants I may mention an enhanced grant of 6¾ lakhs to the Indian Research Fund Association, an increase of about a lakh for education in the North-West Frontier Province, as well as a non-recurrent grant of about 1¼ lakhs for a new building for the Government High School at Peshawar, a further grant of Rs. 50,000 for the construction of the Victoria Hospital at Ajmer and a similar grant towards Dr. Shroff's new Eye Hospital in Delhi. We have increased the grants to the Benares and Aligarh Universities by Rs. 25,000 each and that to Delhi University by Rs. 10,000 and have provided 2 lakhs each as the first instalments of non-recurring grants to the two first named Universities. Additional funds have been provided for research at Coimbatore, Pusa, and Muktesar, and for the development of the Dairy Farms at Bangalore and elsewhere and of the Anand Creamery recently taken over from the Military Department, and further provision has been made towards the completion of the new Forest Research Institute at Dehra Dun, where over 60 lakhs out of a total sanctioned programme of over a crore has already been spent.

53. The provision for reduction or avoidance of debt in accordance with the plan set out in the Government of India Resolution, dated the 9th December, 1924, requires 4·83 crores in 1926-27 or practically the same figure as in 1925-26. The Government of India propose, however, to make two changes which affect the total amount of expenditure under this head in 1926-27. Two years ago, on the passing of the amendment to the Sea Customs Act, the practice was introduced of adding to the provision for reduction or avoidance of debt a sum equal to the Customs duty on stores imported on capital account, including stores for the use of State-managed railways. I promised a year ago to reconsider this practice in the light of criticisms raised in regard to it in this House. There are objections in principle to inflating revenue at the expense of capital. Our object in amending the Sea Customs Act and making Government stores liable to duty was clearly not to increase the Customs revenue at the expense of our capital

charges. I recognise, however, that there are arguments which can be brought forward on the other side, in view particularly of the fact that the railways pay a contribution to general revenues on the basis of their capital expenditure, including whatever may have been paid in Customs duty, and that railway rates and fares are calculated with reference to the capacity of the railways to earn profits on the whole of their capital expenditure. We have therefore decided to meet the views expressed by critics in this House a year ago and omit this portion of the provision for redemption of debt. An opportunity for reconsidering the whole question can be taken at the expiry of the five-year period for which the Debt Redemption scheme is in force.

54. The second proposal which the Government of India are making in this connection will be found enshrined in a clause in the Finance Bill dealing with the disposal of the sums received by India from Germany on Reparation account. These sums represent India's share of the amount allocated to the British Empire out of the Dawes annuities. The actual allocation is full of complications. The payments by Germany for all treaty charges under the plan adopted vary from 1,000 million gold marks at the start to 2,500 million gold marks in the fifth year; thereafter they are to be fixed at the latter sum together with a supplement computed according to an index of prosperity. The annuities are payable in German currency and the amount to be transferred to Germany's creditors outside Germany has to be decided by a Transfer committee with reference to the capacity of Germany to make deliveries in kind or in cash without endangering the stability of the mark. Before the total amount so transferred outside is distributed, a number of charges have to be deducted, including, for example, the cost of service of Germany's £40 million external loan, the cost of the Reparation Commission, the amounts allocated towards the payment of the Army of Occupation and of the Belgian War debt, and other items. The exact amount available for distribution is thus at all times problematical and extraordinarily difficult to forecast. The British Empire as a whole receive 22 per cent. of the total sum available, and India receives 1·2 per cent. of the British Empire's share. The best calculations that I have been able to make, which necessarily are based on somewhat arbitrary assumptions, point to an annual receipt by India over the next few years of sums varying between a minimum of £66,000 and a maximum of £250,000. In 1924-25 we received £37,400 and we expect to receive about £66,700 in 1925-26. The present estimate of receipts in 1926-27 is about £120,000.

55. The reparation receipts may be said broadly to cover in the case of India one or other of the following classes of expenditure: (*a*) pensions and allowances payable by the Government to war sufferers; (*b*) expenditure in replacing losses by enemy action or in repatriation of enemy nationals; (*c*) compensation payable to private persons and local bodies. So far as expenditure on replacing stores lost by enemy action and the cost of repatriation of enemy nationals are concerned, the receipts represent

recovery of expenditure previously incurred by the Government. Such expenditure added to the deficits of past years and was in effect met from borrowed funds. Recurring expenditure is still being met by the Government in respect of pensions and allowances. Some part has already been covered, but the major part will come in future years. The receipts which the Government now obtain from the Reparation account represent a contribution towards the capitalised value of such payments. The compensation payable to private persons and non-Government bodies stands on a different footing. The receipts on this account are not really receipts of the Government of India except in a technical sense.

56. It seems reasonable to utilise receipts from Germany under all but the last head for reduction or avoidance of debt rather than to treat them as an ordinary item of revenue. Only by this procedure will there be annual savings in interest in future to correspond to annual payments on account of pension. The Government propose therefore that payments for compensation shall be deducted from the total reparation receipts and applied for the purpose for which they are intended, and that the balance of our reparation receipts shall be devoted to the reduction or avoidance of debt. By thus applying these special receipts, the Government will I think be following the procedure which is most in accordance with financial propriety, and we shall at the same time avoid disturbance in our own Budget estimates arising out of the fluctuating and uncertain character of these receipts. This proposal and the proposal to bring to an end the practice of setting aside for debt purposes a sum equal to the Customs duty on stores imported on capital account are intended to be taken together. The result of the two proposals combined will be to relieve our revenues of a charge of about 7 lakhs if our estimate of receipts on reparation account is approximately correct.

57. This may perhaps be a convenient point at which to mention that we are continuing for 1926-27 the assignments on account of Customs duty on Government stores introduced as a temporary measure two years ago to those Provinces which have not yet obtained a reduction in their contributions to the Central Government. The only important item in this connection is a sum of 5·39 lakhs payable to Bombay. It is obviously desirable that these assignments, which are objectionable in principle, should be extinguished at an early date and we propose very shortly to take up this question in connection with the examination of the Report of the Taxation Enquiry Committee recently published, with special reference to their proposal for modifying the existing Devolution Rule 15 in regard to the payment to the Provinces of a share in Income-tax receipts.

Revenue, 1926-27.

58. *Customs.*—I now turn to the estimates of our revenue. It is necessary to anticipate some diminution in the imports of sugar, but we may reasonably look for compensation for the sums thus lost in increased receipts from duty on cotton piecegoods and in what I may call the normal

growth under other heads. On this basis the net revenue under the head of Customs is estimated at 48·15 crores, or an increase of 1·30 crores over the revised estimate for the current year. This figure includes 1,75 lakhs of revenue from the Cotton Excise Duty. This may be regarded as a fairly conservative estimate of what the yield from the duty would be if it were continued. The yield in 1924-25, the last year in which the duty was fully collected, was 2,18 lakhs, while the highest figure during the last six years was 2,31 lakhs.

59. *Taxes on Income.*—The main change in the trade conditions of 1925-26 as compared with the previous year is that the cotton mill industry in Bombay has passed through what I hope will prove to be the period of its severest depression. We have to allow therefore for an appreciable reduction in our revenue from Bombay under the head of Taxes on Income. Conditions elsewhere have been on the whole better than in the previous year and our administration is increasing all the time in efficiency. We have adopted for 1926-27 a figure of 16·15 crores of receipts under this head or 10 lakhs less than our revised estimate for 1925-26. This represents 1·20 crores less than the Budget estimate for the current year.

60. *Salt.*—I estimate our receipts under the head Salt at the figure of 6·90 crores, which assumes that accumulated stocks will have been worked down by the end of this month.

61. *Opium.*—The gross receipts from opium are estimated at 59 lakhs below the revised figure for 1925-26, which included a large adventitious receipt under Excise opium owing to the taking over by the Provincial Governments of stocks held at treasuries. The net receipts are estimated to be practically the same as this year, namely, 2·26 crores, owing to reductions in expenditure already referred to.

62. *Railways.*—As the House is aware, the total contribution from Railways to general revenues during 1926-27 is estimated at 6·01 crores. This represents simply the amount of the fixed contribution based on the actual receipts for 1924-25, which was a particularly profitable year. It assumes that the net gain from Railways, after deducting the contribution, will not exceed 3 crores and will accordingly be transferred in full to the railway reserve.

63. *Posts and Telegraphs.*—The working expenses of the Indian Posts and Telegraphs Department for 1926-27 are estimated at 10·17 crores, or 61 lakhs more than in 1925-26. The growth of working expenses is due in part to the absence of the non-recurrent features which, as already explained, made the figure of 1925-26 less than the normal, and in part to an increase in expenditure amounting to 10 lakhs due to the decision of the Railway Department to withdraw the concession of free railway passes to postal employés, and to the inclusion of a provision of about 19 lakhs for new measures designed to improve the emoluments and terms of service of the postal and telegraph staff. The concessions in the case of the postal staff involve an addition of 15 lakhs to our expenditure. The gross receipts have not kept pace with the increase in expendi-

ture, and we can expect an improvement of only 41 lakhs, making the total of our gross receipts for 1926-27 10·65 crores as compared with 10·24 crores in 1925-26. The Post Office account alone shows an estimated profit of 20 lakhs, but there is a loss of 20 lakhs on the Telegraphs and of 10 lakhs on the Telephones, owing largely to the fact that the charge for interest is proportionately heavier in the case of the latter services. The upshot is that the estimates of the year point to a loss of approximately 10 lakhs on the working of the department as a whole. I have, however, every confidence that a revival in trade will lead in due course to a considerable addition to our revenue from telegrams which has recently been disappointingly low, and that by next year the department will be completely self-supporting. To complete the picture I must add that owing to a reduction in traffic we expect, in addition, a loss of 6·7 lakhs in 1926-27 on the working of the Indo-European Telegraph Department.

64. The House will observe that in face of these figures it is impossible for us to contemplate any reduction this year in the rates for letters and postcards—a subject on which, after an interesting debate in this House a few weeks ago, further discussion was adjourned in order that the whole matter might be considered in its proper setting in connection with the Budget figures. The wisdom of the course then taken is now apparent. Such a reduction of charges as was then under consideration is clearly impossible unless the taxpayer is to be saddled with the burden of a heavy subsidy in relief of the customers of our postal and telegraph system. I know that a return to pre-war rates is keenly desired in many quarters in the House and in the country; nor would the Government desire to oppose such a reduction for a moment if they believed that it was within the range of practical politics. I desire, however, to put the question frankly before the House. There is in my view no probability whatever of a return to pre-war rates for letters and postcards except at the cost of a heavy and steadily increasing subsidy from the pocket of the taxpayer. It is desirable that we should face the facts boldly and not deceive ourselves or others by holding out false expectations.

65. The truth is that we are confronted by what I may call a secular change in conditions in India. The very cheap rates of postage to which India had become accustomed before the war were possible only because of the very low level of prices in India as compared with other countries. The last three-quarters of a century have witnessed a steady rise in the average level of prices throughout India—a rise which was the natural and inevitable outcome of the far-reaching changes which were gradually making their effect felt on the conditions of life in India. I may illustrate these changes with reference to figures on index numbers of prices going back to 1860. If we take the figure for the average of the year 1861 for wholesale prices in the United Kingdom and India as 100, the increase in the year 1924 in the case of India is represented by a figure of 251 and in the case of the United Kingdom by a figure of 142. If we go back only as far as 1914 and compare pre-war with present prices, the increase in

India is from 100 in 1914 to 163 at the end of December 1925. The corresponding increase in the United States is from 100 to 158, and in the United Kingdom from 100 to 153. In the face of these figures which, whatever doubts we may have as to the absolute accuracy of the calculations on which the index numbers are framed, are at least a reasonable guide to the general trend of events, it is impossible to expect that the Indian Postal Department should be able to carry letters or postcards at the rates prevailing in 1860 or even in 1914. We cannot expect wages and expenses to stay at a level below the average rise in prices generally. Unless therefore the future holds out the prospect of a considerable further fall of prices to at least the 1914 level—a development which would probably be undesirable in the general interests of India's prosperity—we must admit the logical conclusion that the day of the 3 pie postcard and the 6 pie letter is past beyond recall. Much as we may regret this inevitable conclusion, it is better that we should cease to delude ourselves with unrealisable hopes and should set ourselves to secure the maximum efficiency and the greatest possible facilities to the public from the department as things are to-day.

66. *Other receipts.*—Our estimates of revenue assume the continuance of the practice of appropriating to revenue the interest on the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40 million. We may, I think, assume that, whatever changes may be introduced as the result of the recommendations of the Royal Commission on Currency, the profit now obtained by the Government from these Reserves, whatever form they may assume, will not be substantially affected. In regard to other heads of receipt, extraordinary income from enemy ships will no longer accrue to us, and it is necessary to estimate interest receipts on a lower scale than this year.

67. *Surplus.*—We are now in a position to frame our balance sheet. The total estimated revenue for 1926-27 amounts to 133·43 crores, and the total estimated expenditure amounts to 130·38 crores. We are left with a surplus of 3·05 crores. I hasten to remind the House that the latter figure includes the sum of 1¾ crores for receipts from the Cotton Excise Duty.

CONCLUSION.

68. To what extent can we regard this surplus as being free for us to dispose of? How far is it a recurring surplus? The House will observe that I have made no reference except in a very incidental way to the Report of the Taxation Enquiry Committee, or to the proceedings of the Royal Commission on Currency. The former's report has only recently come into the hands of members, and though incomplete copies have been available to the Government for a somewhat longer period, we came to the conclusion that the extremely interesting and instructive material which it provides demands more prolonged and more complete examination than was possible in the time at our disposal. I have therefore included in this Budget no suggestions for modification of our taxation system in

the light of the Committee's recommendations. Their recommendations will give all the Governments in India and their legislatures ample material for reflection in the course of the coming year. The report is, I think, a most valuable addition to our knowledge of the Indian taxation system, and in the compass of one volume we have here a complete survey of all the taxation at present imposed. Important additions to our understanding of the problem of the relation between Central and Provincial taxation are made in many passages in the Report. I take this opportunity to-day of thanking Sir Charles Todhunter and his colleagues for the hard labour which they have devoted to mastering their subject and for the instructive report which they have placed before us. So far as the present Budget is concerned, however, we are justified in assuming that, whatever decisions may be arrived at in the light of the recommendations of the Taxation Enquiry Committee, they will not affect the question of the disposal of this year's surplus.

69. The same assumption must be made in regard to the work of the Royal Commission on Currency. Our estimates assume the continuance of the present credits to revenue of the interest on Currency investments. They also assume an average rate of exchange of 18*d*. for 1926-27. It is impossible to anticipate the conclusions of the Commission and equally impossible, besides being very undesirable, to set aside any portion of the year's revenue as an insurance fund against possible repercussions on our Budget position in future years. Nor have we any present reason for regarding such an insurance as requisite.

70. In regard to other items in the Budget we have to remember that the receipts from Railways in 1926-27 are high; the earnings of the year 1925-26 were not as good as those of the previous year, so that our fixed contribution from Railways in 1927-28 may be less by as much as 79 lakhs than in 1926-27 if the actual figures for Railway receipts for 1925-26 confirm our revised estimates. Our opium revenue is also an uncertain factor. There is, however, no reason to think that this loss of income which must necessarily be spread over a period of years cannot be counterbalanced by growth of revenue in other directions. Our Income-tax revenue is exceptionally low at the moment and may certainly be counted upon to give a considerably increased yield in later years. Finally, we look for further economies in our military expenditure which still contains special items of a non-recurrent character.

71. After giving full weight to these various considerations, we have come to the conclusion that there is no undue risk in treating the whole of our surplus as a recurrent one. I have already confided to the House the secret that the Finance Bill includes provision for the final abolition of the Cotton Excise Duty, and the privilege of sharing with the Government in the credit for this historic achievement will belong to the Legislature when the Finance Bill is passed. This leaves us with a divisible surplus available for other purposes amounting to 1,30 lakhs. The House will I feel sure have no hesitation in agreeing that past expressions of

policy and the truest interests of the people of India alike demand that, after using 1¾ crores of the sum at our disposal for the reduction of Central taxation, we should devote as much as we can of the rest to the relief of the Provinces. We accordingly propose to apply 1,25 lakhs to the further reduction of the Provincial contributions in accordance with the Devolution Rules. The relief thus afforded will go to the extent of 57 lakhs to Madras, 33 lakhs to the United Provinces, 28 lakhs to the Punjab and 7 lakhs to Burma.

72. The total of the Provincial contributions fixed under the Meston Settlement was 9·83 crores. A year ago we made a permanent reduction of 2½ crores and provided 63 lakhs for the continuance of the temporary remission of Bengal's contribution. With the additional 1¼ crores set aside now, we shall have reduced our reliance on the Provinces by 4·38 crores in all, that is not very far short of half the total. The Provinces whom fortune and the Devolution Rules favour this year are (apart from Bengal) the same as those which obtained the biggest benefit a year ago. But the turn of the other Provinces will come. They are all brought much nearer fruition by the events of the last two years and will no longer feel that the prospect of remission does not interest them. Meanwhile the taxpayers if not the Government of the Province of Bombay in particular and of other Provinces in a lesser degree secure the benefit of the repeal of the Cotton Excise Duty, the relief given in this budget being divided between the Central taxpayer and the Provincial Governments.

73. At an earlier stage in my speech, the approaching end of the life of this Assembly tempted me to compare the figures of India's debt now with those of three years ago. Before closing let me indulge in a further glance backwards and a glimpse into the future. The first Assembly was burdened with the ungrateful task of imposing extra taxation in order to bridge the yawning gap between revenue and expenditure, a task that at one time seemed well-nigh hopeless. The Budget of 1924-25 which coincided with the first session of this House signalised our definite escape from the era of deficits and brought the Salt tax back from Rs. 2-8 a maund to the present rate of Rs. 1-4. For this reduction, though no doubt it had the assent of the majority, only the minority in this House who voted for the second reading of the Finance Bill can claim to share the credit with the Government and the Council of State, and the Government did not conceal their view that a higher rate, which might have enabled us by now to have achieved the complete extinction of the Provincial contributions, had much to commend it. But, if this House dealt in a step-motherly way with the Budget of 1924-25, it placed to its credit six months later the convention in regard to the separation of railway finance from general finance, a reform which I regard as the greatest financial achievement of the years under review. We have made other advances in our financial machinery during this period, such as the establishment of the Provincial Loans Fund and the formulation of a clear policy of reduction and avoidance of debt, and we have paved the way for other advances, as for instance, the separa-

tion of Accounts and Audit, and the reform of the Indian currency system. We have moreover greatly improved the mechanism of the Assembly's financial control. But the new arrangement for dealing with our Railway Budget remains the outstanding feature. It has cleared the path for a continuous programme of railway construction and rehabilitation, and is the direct parent of the proposals for progressive reduction of rates and fares which has now been put in hand, while it has relieved our general finances of an intolerable burden of uncertainty. The Delhi session of 1925 found the Government and the Assembly working together, as you, Sir, will remember, to put the finishing touches to our Debt Redemption plans and to make a substantial beginning of the remission of Provincial contributions. To-day we are continuing last year's work while at the same time celebrating the happy extinction of the notorious (even if sometimes maligned) Cotton Excise Duty.

74. I ask those who profess unending dissatisfaction with the Reforms and denounce them as a sham and the Government as insincere and unresponsive, does the financial story of these three short years justify depression or despondency? In that brief space we have immensely improved our financial machinery and have progressed nearly half-way on the road to extinction of the Provincial contributions, and we have reduced the Salt tax and abolished the Cotton Excise Duty. For five years the Reformed Legislatures have been at work in India. It is true that weather conditions have on the whole favoured us and that the level of taxation is still high in comparison with 1914, though not in comparison with other countries. But to me it seems undeniable that the association of chosen representatives of the people of India with the Executive Government and their constant interaction the one upon the other in the Assembly and the Council of State have enabled India to win through the inevitable discomforts of the period following the war with a measure of success that makes her financial position the envy of other nations and could scarcely have been possible without the Reformed Constitution. The members of this House appear to me sometimes to fix their attention so earnestly on what are called political questions as to overlook the steady advance towards the goal of constitutional self-government which is being registered day by day in administration and in finance. Mr. Coates, the present Prime Minister of New Zealand, made a confession of faith in a speech delivered last May soon after he succeeded to the Premiership, which deserves, I think, the careful consideration of those who are working for India's future. "It may seem", he said, "that I have unduly stressed the financial and administrative aspect of Government. My six years of Ministerial service, however, have convinced me that intensive application of the principles of sound finance to every function of Government is ever essential in the public interest. It is from that solid foundation created that we can build the structure of our public services and enable the development of our country to proceed. . . . . . Only by judicious care and foresight in setting our financial foundations is it possible to devote the necessary attention to all our citizens".

75. The Government of India and this Assembly have not always seen eye to eye on financial questions, but the record shows that we have worked together, not without reward, to establish a foundation of financial stability far more firmly based than when we began. We leave to the next Assembly the task of building on those foundations with the firm assurance that, though all the difficulties are not surmounted and though new anxieties may arise, they will not have to complain of our work of preparation and will find their financial heritage a source of strength in advancing to the solution of the political and constitutional tasks which await them. (Loud applause.)

Statement comparing the actual Revenue and Expenditure of the Central Government (Imperial Revenue and Expenditure before the Reforms) with the Revised Estimate for each year from 1915-16 to 1924-25.

(*See* paragraph 3 of speech.)

(In thousands of Rupees.)

—	REVISED ESTIMATE.			ACTUALS.		
	Revenue.	Expenditure.	Surplus (+) Deficit (—).	Revenue.	Expenditure.	Surplus (+) Deficit (—).
1915-16 .	78,89,08	81,58,21	−2,69,13	80,00,96	81,79,26	−1,78,30
1916-17 .	97,25,67	88,27,37	+8,98,30	98,53,10	87,31,37	+11,21,73
1917-18 .	1,14,84,48	1,06,27,74	+8,56,74	1,18,70,58	1,06,57,52	+12,31,06
1918-19 .	1,27,94,65	1,34,79,88	−6,85,23	1,30,40,66	1,36,13,72	−5,73,06
1919-20 .	1,44,07,56	1,59,18,67	−15,11,11	1,37,13,98	1,60,79,27	−23,65,29
1920-21 .	1,35,10,35	1,48,03,61	−12,93,26	1,35,63,32	1,61,64,17	−26,00,85
1921-22 .	1,13,15,32	1,41,94,52	−28,79,20	1,15,21,50	1,42,86,52	−27,65,02
1922-23 .	1,20,70,17	1,37,95,52	−17,25,35	1,21,41,29	1,36,43,05	−15,01,76
1923-24 .	1,31,96,04	1,29,89,97	+2,06,07	1,33,16,63	1,30,77,63	+2,39,00
1924-25 .	1,34,82,26	1,30,82,68	+3,99,58	1,38 03,92	1,32,35,66	+5,68,26

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